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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, 1985

Major collective bargaining contracts settled in private industry during 1985 provided average wage adjustments of 2.3 percent in the first contract year and 2.7 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The first-year average was the lowest for any year since the series began in 1968. The last time the same parties bargained (generally 2 to 3 years ago), average wage adjustments were 3.9 percent in the first contract year and 3.7 percent a year over the contract life.

The Bureau's major collective bargaining agreements series for private industry covers 7.0 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in 1985, this release includes information on wage changes effective in the year that resulted from the new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLA's).

## Settlements in 1985

Thirty-eight percent of the 2,193,000 workers under 1985 settlements were covered by "back-loaded" contracts--that is, specified wage adjustments were lower in the first contract year than in subsequent years. Prior to 1983, almost all workers under multi-year settlements had their largest increase in the first year. Back-loaded settlements in 1985 provided average adjustments of 0.6 percent in the first year and 2.6 percent annually over the life of the contract. These contracts were in a variety of industries, including apparel, electrical products, and construction.

Thirty-six percent of the workers were under front-loaded 1985 settlements. These settlements provided adjustments averaging 4.2 percent in the first year and 3.3 percent over the contract life. The remaining 26 percent of the workers were under agreements that ran for 12 months or provided equal wage adjustments each year.

Almost one-third (681,000) of the workers under 1985 settlements will receive lump-sum payments. (Lump sums are excluded from wage and compensation measures in this series.) Settlements that included lump-sum payments had lower average wage adjustments than others--1.2 percent in the first contract year and 1.8 percent a year over the contract life. Corresponding averages for settlements without lump-sum payments were 2.9 and 3.2 percent. Contracts providing lump-sum payments were prevalent in apparel, electrical products, and transportation equipment, as well as in other industries. More than half (363,000) of those receiving lump-sum payments are covered by "back-loaded" contracts.

Of the 2,193,000 workers covered by settlements in 1985, 1,391,000 had first year wage increases averaging 4.2 percent. An additional 730,000 had no wage change, and the rest had first-year decreases. Subsequent wage increases for 474,000 of the workers with no change in the first year will result in a net wage gain over the contract term. Thus, by the end of their contracts, 85 percent of the workers under 1985 settlements will have an increase in wages, averaging 3.5 percent a year. Workers with wage decreases in the first contract year, averaging 8.8 percent, will also have decreases over the life of the contracts averaging 6.6 percent annually.

Contracts with net wage increases were negotiated in a variety of industries including trucking, public utilities, apparel manufacturing, airlines, services, and retail trade. Contracts with no specified wage changes over their life were primarily in the construction industry but appeared in other industries as well, including food stores, transportation equipment, and electrical products. About one-third of the workers who sustained wage decreases over the life of the contract were in construction; the remainder were in a variety of other industries.

During 1985, cost-of-living adjustment (COLA) clauses that change wages based on movements in the Consumer Price Index (CPI) were dropped in settlements covering 471,000 workers. Contracts that dropped COLA clauses included those negotiated between the trucking companies and Teamsters (about 173,000 workers) and between the cotton garment manufacturers and the Clothing and Textile Workers Union (about 101,000 workers). COLA clauses were introduced for about 41,000 workers. The changes in COLA provisions contributed to lowering coverage for workers under major contracts from 57 percent at the end of 1984 to 49 percent in December 1985.

Settlements with COLA clauses provided specified wage adjustments of 1.6 percent in the first contract year and 2.5 percent annually over the contract life. In settlements without COLA clauses, adjustments were 2.7 and 2.8 percent, respectively. Possible future COLA's contingent on changes in the CPI are excluded from these measures. (See Explanatory Note.)

The Bureau also measures compensation (wages and employee benefits costs) changes in settlements covering at least 5,000 workers. In 1985, compensation adjustments under these settlements averaged 2.6 percent in the first contract year and 2.7 percent annually over the life of the contract. (See table 1.)

## Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in 1985, 2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

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Average effective wage adjustments in 1985 were (in percent):

| | For workers receiving a change | For all workers (prorated) |
|---|---|---|
| All adjustments | 4.1 | 3.3 |
| New settlements | 3.4 | 0.7 |
| Deferred adjustments | 3.7 | 1.8 |
| COLA adjustments | 2.2 | 0.8 |

Wage changes (increases and decreases) put into effect in 1985 averaged 4.1 percent for the 5.7 million workers who received them. When prorated over all 7.0 million workers covered by major agreements, wage adjustments averaged 3.3 percent, the lowest recorded since this series began in 1968.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes, the timing of COLA reviews, and possible limitations on the amount of COLA change. About 2.8 million workers had COLA reviews in 1985. Of these, 2.4 million had COLA-triggered wage increases averaging 2.2 percent. Wage adjustments stemming from COLA reviews in 1985 averaged 59 percent of the change in the CPI during the COLA review period.

## First-quarter 1986 bargaining activity

There were approximately 470,000 workers under 97 contracts that had expired or been reopened prior to January 1, 1986 but had not been renegotiated or ratified. Most of the workers were in railroad transportation. In addition, there are 364,000 workers under 117 major agreements scheduled to expire or reopen for wage negotiations during January-March 1986. They are in a variety of industries, including retail trade, construction, and petroleum refining.

About 1 million workers are scheduled to receive deferred wage increases averaging 3 percent during the first quarter of 1986. These changes will be made under provisions of existing agreements negotiated earlier. About 2.1 million workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industry. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About one-tenth of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

## Settlements Data

Percentage changes in wage rates are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) changes are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred wage changes, but exclude potential wage changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, performance bonuses, and attendance bonuses) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration date or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective Wage Adjustment Data

Effective wage adjustments (both increases and decreases) are calculated by dividing wage changes implemented in a period by the average hourly wage rate at the beginning of the period.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

## The Tables

Table 1 summarizes data on settlements concluded in 1985. Measures are expressed as average wage "adjustments" to include settlements in which wage rates are increased, decreased, or unchanged.

Tables 2 through 5 show the distribution of workers by the wage and compensation change in individual settlements. Means and medians are computed by weighting the changes by the number of workers affected.

Table 6 provides average wage adjustments for settlements by contract duration.

Tables 7 and 8 provide annual data for 1984, and quarterly and annual data for 1985. Table 7 shows average wage and compensation adjustments for settlements; table 8 provides effective wage adjustment data.
Tables 9 and 10 provide data for 4-quarter periods through the fourth quarter of 1985. Table 9 provides average wage adjustments for settlements; table 10 shows effective wage adjustment data.

Data for 1985 are preliminary and may be revised if additional information is obtained. Final data will be available in April 1986.

Additional historical settlement and wage-rate change information is available from the Office of Wages and Industrial Relations, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately. Information for the first 6 months of 1985 was released in August 1985, and information for the full year 1985 will be released in February 1986.

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Major Collective bargaining settlements data for the first quarter of 1986 will be released on Friday, April 25, 1986, at 10:00 A.M. (EST). Other releases scheduled for 1986 will be issued on July 28 and October 27.

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments in collective bargaining settlements, 1985.
(in percent)

| Measure | First-year adjustments1/ | Annual adjustment over life of contracts2/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 2.3 | 2.7 | 2,193 |
| Contracts with COLA clauses | 1.6 | 2.5 | 673 |
| Contracts without COLA clauses | 2.7 | 2.8 | 1,520 |
| Manufacturing | .8 | 1.8 | 865 |
| Contracts with COLA clauses | .8 | 2.1 | 473 |
| Contracts without COLA clauses | .9 | 1.6 | 391 |
| Nonmanufacturing | 3.3 | 3.3 | 1,329 |
| Contracts with COLA clauses | 3.6 | 3.6 | 200 |
| Contracts without COLA clauses | 3.3 | 3.3 | 1,129 |
| Construction3/ | 1.5 | 2.1 | 329 |
| All industries excluding construction3/ | 2.5 | 2.9 | 1,864 |
| Nonmanufacturing excluding construction3/ | 3.9 | 3.7 | 999 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 2.6 | 2.7 | 1,413 |
| Contracts with COLA clauses | 2.0 | 2.5 | 520 |
| Contracts without COLA clauses | 3.0 | 2.9 | 894 |
| Manufacturing | 1.2 | 1.9 | 603 |
| Contracts with COLA clauses | 1.4 | 2.3 | 341 |
| Contracts without COLA clauses | .9 | 1.4 | 262 |
| Nonmanufacturing | 3.7 | 3.4 | 811 |
| Contracts with COLA clauses | 2.9 | 2.8 | 179 |
| Contracts without COLA clauses | 3.9 | 3.5 | 632 |
| Construction3/ | 2.6 | 3.0 | 108 |
| All industries excluding construction3/ | 2.6 | 2.7 | 1,306 |
| Nonmanufacturing excluding construction3/ | 3.8 | 3.4 | 703 |

1/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date. Includes increases, decreases, and freezes.

2/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract. Includes increases, decreases, and freezes.

3/ Data by COLA coverage do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments in collective bargaining settlements covering 1,000 workers or more, 1985.

| Rate of adjustment1/ | Percent of workers affected | | |
|---|---|---|---|
| | All industries | Manu-facturing | Nonmanu-facturing |
| All settlements | 100 | 100 | 100 |
| No wage change | 33 | 53 | 20 |
| Decreases2/ | 3 | 3 | 3 |
| Increases | 63 | 43 | 77 |
| Under 2 percent | 7 | 11 | 4 |
| 2 and under 4 percent | 24 | 23 | 25 |
| 4 and under 6 percent | 25 | 8 | 36 |
| 6 and under 8 percent | 4 | 1 | 6 |
| 8 percent and over | 4 | 1 | 6 |
| Total number of workers (in thousands) | 2,193 | 865 | 1,329 |
| Mean adjustment (percent) | 2.3 | .8 | 3.3 |
| Median adjustment (percent) | 2.3 | .0 | 3.9 |
| Mean increase (percent) | 4.2 | 2.6 | 4.7 |
| Median increase (percent) | 4.0 | 2.3 | 4.5 |
| Mean decrease (percent) | -8.8 | -8.5 | -9.0 |
| Median decrease (percent) | -8.5 | -8.5 | -10.0 |

1/ See note 1, table 1.
2/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments over the life of the contract in collective bargaining settlements covering 1,000 workers or more, 1985.

| Rate of adjustment1/ | Percent of workers affected | | |
|---|---|---|---|
| | All industries | Manu-facturing | Nonmanu-facturing |
| All settlements | 100 | 100 | 100 |
| No wage change | 12 | 14 | 10 |
| Decreases2/ | 3 | 3 | 3 |
| Increases | 85 | 82 | 87 |
| Under 2 percent | 21 | 39 | 9 |
| 2 and under 4 percent | 37 | 38 | 37 |
| 4 and under 6 percent | 22 | 5 | 33 |
| 6 and under 8 percent | 3 | 1 | 4 |
| 8 percent and over | 2 | (3) | 3 |
| Total number of workers (in thousands) | 2,193 | 865 | 1,329 |
| Mean adjustment (percent) | 2.7 | 1.8 | 3.3 |
| Median adjustment (percent) | 3.2 | 1.8 | 3.7 |
| Mean increase (percent) | 3.5 | 2.4 | 4.1 |
| Median increase (percent) | 3.6 | 2.2 | 3.9 |
| Mean decrease (percent) | -6.6 | -4.4 | -8.1 |
| Median decrease (percent) | -5.3 | -5.7 | -5.3 |

1/ See note 2, table 1.
2/ Distributions are not shown to protect confidentiality.
3/ Less than 0.05 percent.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment in collective bargaining settlements covering 5,000 workers or more, 1985.

| Rate of adjustment1/ | Percent of workers affected |
|---|---|
| First year adjustments2/ | |
| All settlements | 100 |
| No change | 7 |
| Decreases3/ | 4 |
| Increases | 89 |
| Under 2 percent | 26 |
| 2 and under 4 percent | 36 |
| 4 and under 6 percent | 20 |
| 6 and under 8 percent | 3 |
| 8 and under 10 percent | 3 |
| 10 percent and over | 1 |
| Total number of workers (in thousands) | 1,413 |
| Mean adjustment (percent) | 2.6 |
| Median adjustment (percent) | 3.0 |
| Mean increase (percent) | 3.2 |
| Median increase (percent) | 3.0 |
| Mean decrease (percent) | -5.3 |
| Median decrease (percent) | -3.4 |
| Adjustments averaged over life of contract4/ | |
| All settlements | 100 |
| No change | 4 |
| Decreases3/ | 3 |
| Increases | 93 |
| Under 2 percent | 21 |
| 2 and under 4 percent | 42 |
| 4 and under 6 percent | 27 |
| 6 and under 8 percent | 2 |
| 8 percent and over | 1 |
| Total number of workers (in thousands) | 1,413 |
| Mean adjustment (percent) | 2.7 |
| Median adjustment (percent) | 2.6 |
| Mean increase (percent) | 3.2 |
| Median increase (percent) | 2.9 |
| Mean decrease (percent) | -6.7 |
| Median decrease (percent) | -2.5 |

1/ Percent of estimated average hourly compensation.
2/ See note 1, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 2, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, 1985.

| Rate of adjustment[1] | First year adjustments[2] (percent of workers affected) | |
|---|---|---|
| | Compensation | Wages alone |
| All settlements | 100 | 100 |
| No change | 20 | 31 |
| Decreases[3] | 8 | 7 |
| Increases | 72 | 62 |
| Under 2 percent | 11 | 11 |
| 2 and under 4 percent | 34 | 28 |
| 4 and under 6 percent | 23 | 19 |
| 6 percent and over | 4 | 4 |
| Total number of workers (in thousands) | 329 | 329 |
| Mean adjustment (percent) | 1.7 | 1.5 |
| Median adjustment (percent) | 2.7 | 2.0 |
| Mean increase (percent) | 3.4 | 3.6 |
| Median increase (percent) | 3.5 | 3.6 |
| Mean decrease (percent) | -9.3 | -10.1 |
| Median decrease (percent) | -9.5 | -10.4 |

| | Adjustments averaged over life of contract[4] (percent of workers affected) | |
|---|---|---|
| | Compensation | Wages alone |
| All settlements | 100 | 100 |
| No change | 16 | 24 |
| Decreases[3] | 8 | 7 |
| Increases | 77 | 69 |
| Under 2 percent | 8 | 8 |
| 2 and under 4 percent | 35 | 34 |
| 4 and under 6 percent | 33 | 24 |
| 6 percent and over | 1 | 2 |
| Total number of workers (in thousands) | 329 | 329 |
| Mean adjustment (percent) | 2.3 | 2.1 |
| Median adjustment (percent) | 2.8 | 2.7 |
| Mean increase (percent) | 3.5 | 3.6 |
| Median increase (percent) | 3.7 | 3.4 |
| Mean decrease (percent) | -4.9 | -5.4 |
| Median decrease (percent) | -3.5 | -2.8 |

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[1] Percent of estimated average hourly compensation (wages and benefits) and percent of estimated average hourly earnings, excluding overtime (wages alone).

[2] See note 1, table 1.

[3] Distributions are not shown to protect confidentiality.

[4] See note 2, table 1.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more by duration of contract, 1985.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 487 | 103 | 30 | 62 | 68 | 126 | 98 |
| Number of workers (in thousands) | 2,193 | 337 | 73 | 197 | 481 | 782 | 324 |
| Average duration (months) | 30.5 | 11.4 | 17.2 | 24.0 | 33.1 | 36.0 | 40.3 |
| Percent adjustment in: | | | | | | | |
| First contract year | 2.3 | 2.7 | 1.4 | 1.9 | 2.5 | 2.2 | 2.6 |
| Second contract year[1] | 3.1 | - | 1.0 | 2.4 | 2.9 | 3.6 | 3.3 |
| Third contract year[2] | 3.0 | - | - | - | 1.5 | 4.0 | 3.0 |
| Average annual percent adjustment over life of contract | 2.7 | 2.5 | 1.5 | 2.1 | 2.4 | 3.2 | 2.8 |

[1] Average is based only on settlements with a duration greater than 12 months.

[2] Average is based only on settlements with a duration greater than 24 months.

able 7. Average wage and compensation (wage and benefit costs) adjustments for collective argaining settlements reached fourth quarter 1984 - fourth quarter 1985. in percent)

| Measure | 1984 | 1985 | | | | |
|---|---|---|---|---|---|---|
| | Full year | I1/ | II1/ | III1/ | IV2/ | Full year2/ |
| age adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year3/ | | | | | | |
| All industries | 2.4 | 3.3 | 2.5 | 2.0 | 2.1 | 2.3 |
| Contracts with COLA clauses | 2.9 | 2.4 | 1.5 | .5 | 3.1 | 1.6 |
| Contracts without COLA clauses | 2.1 | 3.6 | 2.8 | 2.9 | 1.3 | 2.7 |
| Manufacturing | 2.3 | .8 | 1.6 | .5 | .9 | .8 |
| Contracts with COLA clauses | 2.1 | 1.4 | 1.1 | .1 | 1.8 | .8 |
| Contracts without COLA clauses | 2.9 | .5 | 2.2 | 1.1 | .1 | .9 |
| Nonmanufacturing | 2.5 | 4.7 | 2.8 | 3.6 | 3.4 | 3.3 |
| Contracts with COLA clauses | 5.5 | 5.0 | 2.1 | 3.1 | 4.6 | 3.6 |
| Contracts without COLA clauses | 2.0 | 4.6 | 2.9 | 3.7 | 2.5 | 3.3 |
| Construction | .5 | -.8 | 1.5 | 2.1 | .6 | 1.5 |
| All industries excluding construction | 2.9 | 3.7 | 2.9 | 2.0 | 2.1 | 2.5 |
| Nonmanufacturing excluding construction | 3.4 | 5.4 | 3.5 | 4.1 | 3.5 | 3.9 |
| Annual average over life of contract4/ | | | | | | |
| All industries | 2.4 | 3.2 | 2.8 | 3.1 | 1.9 | 2.7 |
| Contracts with COLA clauses | 1.8 | 1.8 | 2.4 | 2.6 | 2.7 | 2.5 |
| Contracts without COLA clauses | 2.7 | 3.5 | 2.9 | 3.3 | 1.3 | 2.8 |
| Manufacturing | 1.5 | 1.6 | 2.3 | 2.3 | .9 | 1.8 |
| Contracts with COLA clauses | 1.0 | 1.1 | 2.1 | 2.4 | 1.6 | 2.1 |
| Contracts without COLA clauses | 3.3 | 2.0 | 2.7 | 2.1 | .4 | 1.6 |
| Nonmanufacturing | 2.9 | 4.0 | 3.0 | 3.9 | 2.9 | 3.3 |
| Contracts with COLA clauses | 4.8 | 3.5 | 2.9 | 4.2 | 4.0 | 3.6 |
| Contracts without COLA clauses | 2.6 | 4.0 | 3.0 | 3.9 | 2.2 | 3.3 |
| Construction | 1.0 | .5 | 2.2 | 2.3 | .6 | 2.1 |
| All industries excluding construction | 2.7 | 3.4 | 3.1 | 3.2 | 1.9 | 2.9 |
| Nonmanufacturing excluding construction | 3.8 | 4.4 | 3.4 | 4.4 | 3.0 | 3.7 |
| ompensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year3/ | | | | | | |
| All industries | 3.6 | 3.6 | 3.5 | 2.0 | 2.0 | 2.6 |
| Contracts with COLA clauses | 4.0 | 3.0 | 2.8 | .8 | 2.5 | 2.0 |
| Contracts without COLA clauses | 3.2 | 3.7 | 3.7 | 2.7 | 1.5 | 3.0 |
| Annual average over life of contract4/ | | | | | | |
| All industries | 2.8 | 2.7 | 3.4 | 3.0 | 1.4 | 2.7 |
| Contracts with COLA clauses | 2.3 | 1.7 | 3.0 | 2.7 | 2.0 | 2.5 |
| Contracts without COLA clauses | 3.3 | 3.0 | 3.5 | 3.3 | .7 | 2.9 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 1, table 1.
4/ See note 2, table 1.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, 1984 - and by quarter 1985.
(in percent)

| Characteristic | 1984 | 1985 | | | | |
|---|---|---|---|---|---|---|
| | Full Year | I1/ | II1/ | III1/ | IV2/ | Full Year2/ |
| Total effective adjustments (prorated over all workers)3/ | 3.7 | 0.8 | 0.8 | 1.2 | 0.5 | 3.3 |
| Source: | | | | | | |
| Current settlements | .8 | .1 | .2 | .2 | .2 | .7 |
| Prior agreements | 2.0 | .6 | .5 | .6 | .2 | 1.8 |
| COLA provisions | .9 | .1 | .1 | .4 | .1 | .8 |
| Industry | | | | | | |
| Manufacturing | 4.3 | .9 | .6 | .8 | .5 | 3.0 |
| Nonmanufacturing | 3.3 | .7 | 1.0 | 1.4 | .4 | 3.6 |
| Nonmanufacturing excluding construction | 3.4 | .9 | .7 | 1.6 | .5 | 3.7 |
| Construction | 2.9 | .1 | 1.8 | .9 | .1 | 3.0 |
| Transportation and public utilities | 3.0 | .6 | .6 | 2.0 | .3 | 3.6 |
| Wholesale and retail trade | 3.4 | 1.0 | .8 | .8 | .7 | 3.3 |
| Services | 4.9 | 1.7 | .9 | 1.8 | .7 | 5.1 |
| Effective wage change for workers receiving changes | 4.4 | 2.6 | 2.4 | 2.9 | 1.6 | 4.1 |
| Source: | | | | | | |
| Current settlements | 3.0 | 4.6 | 3.1 | 3.0 | 2.5 | 3.4 |
| Prior agreements | 4.0 | 4.0 | 3.9 | 2.6 | 3.0 | 3.7 |
| COLA provisions | 2.7 | .4 | .9 | 1.7 | .6 | 2.2 |
| Total number of workers receiving wage change (in thousands) | 6,194.7 | 2,091.8 | 2,444.2 | 2,865.5 | 2,167.6 | 5,656.9 |
| Source: | | | | | | |
| Current settlements | 1,851.4 | 182.6 | 540.8 | 458.9 | 424.3 | 1,482.5 |
| Prior agreements | 3,667.7 | 1,024.5 | 859.7 | 1,490.8 | 521.5 | 3,472.8 |
| COLA provisions | 2,517.5 | 1,080.6 | 1,081.5 | 1,796.2 | 1,299.6 | 2,379.7 |
| Number of workers not receiving a wage change (in thousands) | 1,122.7 | 4,925.3 | 4,572.8 | 4,151.6 | 4,849.5 | 1,360.1 |

1/ Preliminary revised.
2/ Preliminary.
3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses.
NOTE: Because of rounding and compounding, sums of individual items may not equal totals.

Table 9. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1983 | 1984 | | | | 1985 | | | |
| | IV | I | II | III | IV | I1/ | II1/ | III1/ | IV2/ |
| Wage-rate adjustments in- | | | | | | | | | |
| All industries | | | | | | | | | |
| First year3/ | 2.6 | 3.5 | 3.5 | 3.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.3 |
| Contracts with COLA clauses | 1.9 | 4.0 | 4.6 | 4.5 | 2.9 | 2.5 | 2.3 | 1.9 | 1.6 |
| Contracts without COLA clauses | 3.3 | 3.0 | 2.7 | 2.3 | 2.1 | 2.4 | 2.4 | 2.7 | 2.7 |
| Over life of contract4/ | 2.8 | 3.0 | 3.1 | 2.8 | 2.4 | 2.3 | 2.4 | 2.5 | 2.7 |
| Contracts with COLA clauses | 2.0 | 2.6 | 2.9 | 2.8 | 1.8 | 1.3 | 1.5 | 1.8 | 2.5 |
| Contracts without COLA clauses | 3.7 | 3.4 | 3.2 | 2.8 | 2.7 | 2.8 | 2.8 | 3.0 | 2.8 |
| Manufacturing | | | | | | | | | |
| First year3/ | .4 | 2.6 | 3.0 | 2.6 | 2.3 | 2.1 | 2.0 | 1.5 | .8 |
| Contracts with COLA clauses | -.7 | 2.4 | 3.2 | 1.5 | 2.1 | 2.0 | 1.9 | 1.5 | .8 |
| Contracts without COLA clauses | 3.2 | 2.9 | 2.8 | 3.7 | 2.9 | 2.5 | 2.2 | 1.5 | .9 |
| Over life of contract4/ | 2.1 | 2.8 | 3.1 | 2.8 | 1.5 | 1.4 | 1.5 | 1.6 | 1.8 |
| Contracts with COLA clauses | 1.4 | 2.2 | 2.8 | 1.8 | 1.0 | .9 | 1.0 | 1.4 | 2.1 |
| Contracts without COLA clauses | 3.9 | 3.7 | 3.6 | 3.8 | 3.3 | 3.2 | 3.0 | 2.4 | 1.6 |
| Nonmanufacturing | | | | | | | | | |
| First year3/ | 3.8 | 3.8 | 3.7 | 3.3 | 2.5 | 2.6 | 2.7 | 3.2 | 3.3 |
| Contracts with COLA clauses | 4.4 | 4.9 | 5.2 | 5.4 | 5.5 | 5.1 | 4.3 | 4.0 | 3.6 |
| Contracts without COLA clauses | 3.3 | 3.0 | 2.6 | 2.1 | 2.0 | 2.4 | 2.5 | 3.0 | 3.3 |
| Over life of contract4/ | 3.2 | 3.1 | 3.0 | 2.8 | 2.9 | 2.8 | 2.9 | 3.3 | 3.3 |
| Contracts with COLA clauses | 2.6 | 2.9 | 3.0 | 3.1 | 4.8 | 4.0 | 3.8 | 3.9 | 3.6 |
| Contracts without COLA clauses | 3.7 | 3.3 | 3.0 | 2.6 | 2.6 | 2.7 | 2.8 | 3.2 | 3.3 |
| Construction | | | | | | | | | |
| First year3/ | 1.5 | 1.2 | .8 | .9 | .5 | .9 | 1.1 | 1.0 | 1.5 |
| Contracts with COLA clauses | -.6 | .1 | -.4 | 4.0 | 4.0 | 4.6 | 9.2 | 5/ | 5/ |
| Contracts without COLA clauses | 1.9 | 1.4 | .9 | .9 | .4 | .8 | 1.0 | 5/ | 5/ |
| Over life of contract4/ | 2.4 | 2.0 | 1.7 | 1.4 | 1.0 | 1.4 | 1.7 | 1.7 | 2.1 |
| Contracts with COLA clauses | .9 | .7 | .0 | 1.4 | 1.4 | 1.7 | 4.6 | 5/ | 5/ |
| Contracts without COLA clauses | 2.6 | 2.2 | 1.8 | 1.4 | 1.0 | 1.4 | 1.7 | 5/ | 5/ |

1/ Preliminary revised
2/ Preliminary
3/ See note 1, table 1.
4/ See note 2, table 1.
5/ Data for averages do not meet publication standards.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1983 | 1984 | | | | 1985 | | | |
| | IV | I | II | III | IV | I1/ | II1/ | III1/ | IV2/ |
| Total effective adjustments (prorated over all workers)3/.... | 4.0 | 4.7 | 4.3 | 4.2 | 3.7 | 3.6 | 3.5 | 3.5 | 3.3 |
| Source: | | | | | | | | | |
| From current settlements....... | .8 | 1.2 | 1.0 | 1.0 | .8 | .7 | .9 | .9 | .7 |
| From prior agreements.......... | 2.5 | 2.5 | 2.2 | 2.1 | 2.0 | 2.2 | 1.9 | 1.8 | 1.8 |
| From COLA...................... | .6 | 1.0 | 1.1 | 1.2 | .9 | .7 | .7 | .8 | .8 |
| Effective wage change for workers receiving change................. | 4.7 | 5.5 | 5.3 | 5.0 | 4.4 | 4.5 | 4.2 | 4.3 | 4.1 |
| Source: | | | | | | | | | |
| From current settlements....... | 2.8 | 4.2 | 3.6 | 3.7 | 3.0 | 2.9 | 2.9 | 2.8 | 3.4 |
| From prior agreements.......... | 5.9 | 5.5 | 4.9 | 4.2 | 4.0 | 4.2 | 3.9 | 3.7 | 3.7 |
| From COLA...................... | 2.1 | 3.6 | 4.0 | 3.2 | 2.7 | 2.3 | 2.3 | 2.8 | 2.2 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8. Because of rounding, may not equal sum of parts.

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 9 MONTHS 1985

Major collective bargaining contracts settled in private industry during the first 9 months of 1985 provided average wage adjustments of 2.3 percent in the first contract year and 2.9 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The last time the same parties bargained (generally 2 to 3 years ago), average wage adjustments were 3.8 percent in the first contract year and 3.4 percent a year over the contract life.

The Bureau's major collective bargaining agreements series for private industry covers 7.0 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first 9 months of 1985, this release includes information on wage changes effective in this period that resulted from the new settlements, agreements reached in earlier periods, and cost-of-living adjustments (COLA's).

## Settlements in first 9 months of 1985

Settlements in the first 9 months of 1985 were "back-loaded" on the average-- that is, contracts had lower specified wage adjustments in the first year than in subsequent years. Prior to 1983, almost all workers were under settlements that provided their largest increase in the first year. Of the 1,615,000 workers covered by settlements reached from January through September 1985, however, 726,000 were covered by "back-loaded" settlements. "Back-loaded" settlements provided wage adjustments averaging 0.7 percent in the first year and 2.6 percent annually over the contract life. Although appearing in a variety of industries, they were concentrated in apparel manufacturing (223,000 workers), construction (116,000 workers), and electrical machinery manufacturing (109,000 workers).

About 530,000 workers were covered by front-loaded settlements in which wage adjustments averaged 4.4 percent in the first contract year and 3.4 percent annually over the life of the contract. The remaining 359,000 workers were covered either by 1 year agreements or by contracts that provided the same adjustment the first year and averaged annually over their life.

About 302,000 (42 percent) of the workers under "back-loaded" settlements will receive lump sum payments. These payments are not incorporated into employees' wages under the contract. Lump-sums are excluded from wage and compensation measures in this release.

An additional 112,000 workers (for a total of 414,000) were under settlements reached in the first 9 months of 1985 which provided lump-sum payments during their term. Settlements that included lump-sum payments had lower average wage adjustments than others--0.8 percent in the first contract year and 1.8 percent a year over the contract life. Corresponding averages for settlements without lump-sum payments were 2.8 and 3.3 percent.

Of the 1,615,000 workers covered by settlements in the first 9 months of 1985, 1,024,000 had wage increases averaging 4.2 percent in the first year of their contracts, 531,000 had no wage change, and the rest had decreases. Of the workers with no wage change in the first contract year, 387.000 will have subsequent increases that will result in a net wage gain over the contract term. Thus, by the end of their contracts, 1,411,000 workers under settlements in the first 9 months will have an increase in wages, averaging 3.6 percent a year. Those with wage decreases in the first contract year will have net decreases over the life of the contracts. Wage decreases averaged 9.2 percent in the first year and 6.8 percent annually over the contract life.

Wage increases over the life of the contract were negotiated in a variety of industries including trucking, public utilities, apparel manufacturing, services, and retail trade. Contracts with no specified wage changes over their life were primarily in the construction industry but appeared in other industries as well, including food stores and transportation equipment. Construction accounted for two-fifths of the workers who sustained wage decreases over the life of the contract. The remainder were in a variety of other industries.

During the first 9 months of 1985, cost-of-living adjustment (COLA) clauses that change wages based on movements in the Consumer Price Index (CPI) or other specified indexes were negotiated for about 40,000 workers who did not have such clauses in their previous contracts. They were dropped, however, in settlements covering 327,000 workers, or about 43 percent of those who had such coverage in their previous agreements. These included contracts negotiated between the trucking companies and Teamsters, covering about 173,000 workers, and between the cotton garment manufacturers and the Clothing and Textile Workers Union covering about 101,000 workers. This contributed to lowering the proportion of all workers under major contracts with COLA coverage from 57 percent to 50 percent since the beginning of 1985.

Settlements with COLA clauses provided specified wage adjustments of 1.0 percent in the first contract year and 2.5 percent annually over the contract life. In settlements without COLA clauses, adjustments were 2.8 and 3.1 percent, respectively. Possible future COLA's contingent on changes in the CPI are excluded from these measures. (See Explanatory Note.)

The Bureau also measures compensation (wages and employee benefits costs) changes in settlements covering at least 5,000 workers. In the first 9 months of 1985, compensation adjustments under these settlements averaged 2.8 percent in the first contract year and 3.3 percent annually over the life of the contract. (See table 1.)

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## Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in the first 9 months of 1985, 2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Average effective wage adjustments (in percent) in the first 9 months of 1985 were:

| | For workers receiving a change | For all workers (prorated) |
|---|---|---|
| All adjustments ------------------ | 3.8 | 2.8 |
| New settlements --------------- | 3.4 | 0.5 |
| Deferred adjustments --------- | 3.7 | 1.6 |
| COLA adjustments -------------- | 2.3 | 0.6 |

Wage changes (increases and decreases) put into effect in the first 9 months of 1985 averaged 3.8 percent for the 5 million workers who received them. When prorated over all 7.0 million workers covered by major agreements, wage adjustments averaged 2.8 percent.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes, the timing of COLA reviews, and possible limitations on the amount of COLA change. About 2.6 million workers had COLA reviews in the first 9 months of 1985. Of these, 1.9 million had COLA-triggered wage increases averaging 2.3 percent. Wage adjustments stemming from COLA reviews in the first 9 months of 1985 averaged 58 percent of the change in the CPI during the COLA review period.

## Fourth-quarter 1985 bargaining activity

There were approximately 690,000 workers under 115 contracts that had expired or been reopened prior to October 1 but had not been renegotiated or ratified. Most of the workers were in railroad transportation. In addition, there are 250,000 workers under 67 major agreements scheduled to expire or reopen for wage negotiations during October-December 1985. One-fourth of these workers are in transportation equipment manufacturing and about one-eighth each are in electrical products manufacturing and retail trade. The remainder are in a variety of other industries.

About 525,000 workers are scheduled to received deferred wage increases averaging 3 percent during the fourth quarter of 1985. These changes will be made under provisions of existing bargaining agrements negotiated earlier. About 1.5 million workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industry. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About one-tenth of the wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlements Data

Percentage changes in wage rates are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) changes are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred wage changes, but exclude potential wage changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, performance bonuses, and attendance bonuses) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopening are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration date or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

### Effective Wage Adjustment Data

Effective wage adjustments (both increases and decreases) are calculated by dividing wage changes implemented in a period by the average hourly wage rate at the beginning of the period.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

## The Tables

Table 1 summarizes data on settlements concluded in the first 9 months of 1985. Measures are expressed as average wage "adjustments" to include settlements in which wage rates are increased, decreased, or unchanged.

Tables 2 through 5 show the distribution of workers by the wage and compensation change in individual settlements. Means and medians are computed by weighting the changes by the number of workers affected.

Table 6 provides average wage adjustments for settlements by contract duration.

Tables 7 and 8 provide quarterly data from the third quarter of 1984 through the third quarter of 1985. Table 7 shows average wage and compensation adjustments for settlements; table 8 provides effective wage adjustment data.

Tables 9 and 10 provide data for 4-quarter periods through the third quarter of 1985. Table 9 provides average wage adjustments for settlements; table 10 shows effective wage adjustment data.

Data for 1985 are preliminary and may be revised if additional information is obtained. Final data will be available in April 1986.

Additional historical settlement and wage-rate change information is available from the Office of Wages and Industrial Relations, Bureau of Labor Statistics. Washington, D.C. 20212.

Data on major public sector settlements are collected separately. Information for the first 6 months of 1985 was released in August 1985, and information for the full year 1985 will be released in February 1986.

The next release on private sector settlements will be issued on January 23, 1986.

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments in collective bargaining settlements, first nine months of 1985.
(in percent)

| Measure | First-year adjustments1/ | Annual adjustment over life of contracts2/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 2.3 | 2.9 | 1,615 |
| Contracts with COLA clauses | 1.0 | 2.5 | 453 |
| Contracts without COLA clauses | 2.8 | 3.1 | 1,162 |
| Manufacturing | .8 | 2.2 | 583 |
| Contracts with COLA clauses | .5 | 2.3 | 344 |
| Contracts without COLA clauses | 1.2 | 2.2 | 239 |
| Nonmanufacturing | 3.2 | 3.3 | 1,032 |
| Contracts with COLA clauses | 2.8 | 3.3 | 109 |
| Contracts without COLA clauses | 3.3 | 3.3 | 923 |
| Construction3/ | 1.5 | 2.1 | 307 |
| All industries excluding construction | 2.5 | 3.1 | 1,308 |
| Contracts with COLA clauses | 1.0 | 2.5 | 450 |
| Contracts without COLA clauses | 3.3 | 3.4 | 858 |
| Nonmanufacturing excluding construction | 3.9 | 3.8 | 725 |
| Contracts with COLA clauses | 2.8 | 3.4 | 107 |
| Contracts without COLA clauses | 4.1 | 3.9 | 618 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 2.8 | 3.3 | 1,016 |
| Contracts with COLA clauses | 1.7 | 2.8 | 331 |
| Contracts without COLA clauses | 3.4 | 3.5 | 685 |
| Manufacturing | 1.0 | 2.3 | 405 |
| Contracts with COLA clauses | .9 | 2.5 | 234 |
| Contracts without COLA clauses | 1.1 | 2.1 | 171 |
| Nonmanufacturing | 4.0 | 3.9 | 611 |
| Contracts with COLA clauses | 3.4 | 3.6 | 97 |
| Contracts without COLA clauses | 4.1 | 3.9 | 514 |
| Construction3/ | 2.8 | 3.2 | 101 |
| All industries excluding construction | 2.8 | 3.3 | 915 |
| Contracts with COLA clauses | 1.7 | 2.9 | 324 |
| Contracts without COLA clauses | 3.4 | 3.5 | 591 |
| Nonmanufacturing excluding construction | 4.2 | 4.0 | 510 |
| Contracts with COLA clauses | 3.7 | 3.8 | 90 |
| Contracts without COLA clauses | 4.3 | 4.1 | 420 |

1/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date. Includes increases, decreases, and freezes.

2/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract. Includes increases, decreases, and freezes.

3/ Data by COLA coverage do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

able 2. First-year wage adjustments in collective bargaining settlements covering 1,000 workers or ore, first nine months of 1985.

| Rate of adjustment1/ | Percent of workers affected | | |
|---|---|---|---|
| | All industries | Manu-facturing | Nonmanu-facturing |
| ll settlements | 100 | 100 | 100 |
| No wage change | 33 | 57 | 19 |
| Decreases2/ | 4 | 3 | 4 |
| Increases | 63 | 40 | 77 |
| Under 2 percent | 8 | 15 | 5 |
| 2 and under 4 percent | 23 | 13 | 28 |
| 4 and under 6 percent | 24 | 11 | 31 |
| 6 and under 8 percent | 4 | 1 | 6 |
| 8 percent and over | 4 | (3) | 6 |
| otal number of workers (in thousands) | 1,615 | 583 | 1,032 |
| ean adjustment (percent) | 2.3 | .8 | 3.2 |
| edian adjustment (percent) | 2.7 | .0 | 3.8 |
| Mean increase (percent) | 4.2 | 2.6 | 4.7 |
| Median increase (percent) | 4.0 | 2.3 | 4.0 |
| Mean decrease (percent) | -9.2 | -9.6 | -9.0 |
| Median decrease (percent) | -10.0 | -7.5 | -10.0 |

1/ See note 1, table 1.
2/ Distributions are not shown to protect confidentiality.
3/ Less than 0.05 percent.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments over the life of the contract in collective bargaining settlements covering 1,000 workers or more, first nine months of 1985.

| Rate of adjustment[1] | Percent of workers affected | | |
|---|---|---|---|
| | All industries | Manu-facturing | Nonmanu-facturing |
| All settlements | 100 | 100 | 100 |
| No wage change | 9 | 7 | 10 |
| Decreases[2] | 4 | 3 | 4 |
| Increases | 87 | 90 | 86 |
| Under 2 percent | 18 | 35 | 8 |
| 2 and under 4 percent | 40 | 48 | 35 |
| 4 and under 6 percent | 24 | 6 | 34 |
| 6 and under 8 percent | 4 | 1 | 5 |
| 8 percent and over | 3 | 1 | 4 |
| Total number of workers (in thousands) | 1,615 | 583 | 1,032 |
| Mean adjustment (percent) | 2.9 | 2.2 | 3.3 |
| Median adjustment (percent) | 3.6 | 2.2 | 3.6 |
| Mean increase (percent) | 3.6 | 2.6 | 4.2 |
| Median increase (percent) | 3.6 | 2.2 | 4.0 |
| Mean decrease (percent) | -6.8 | -3.2 | -8.1 |
| Median decrease (percent) | -5.3 | -2.3 | -5.3 |

[1] See note 2, table 1.
[2] Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment in collective bargaining settlements covering 5,000 workers or more, first nine months of 1985.

| Rate of adjustment1/ | Percent of workers affected |
|---|---|
| First year adjustments2/ | |
| All settlements | 100 |
| No change | 8 |
| Decreases3/ | 3 |
| Increases | 89 |
| Under 2 percent | 30 |
| 2 and under 4 percent | 27 |
| 4 and under 6 percent | 23 |
| 6 and under 8 percent | 2 |
| 8 and under 10 percent | 4 |
| 10 percent and over | 2 |
| Total number of workers (in thousands) | 1,016 |
| Mean adjustment (percent) | 2.8 |
| Median adjustment (percent) | 3.5 |
| Mean increase (percent) | 3.2 |
| Median increase (percent) | 3.6 |
| Mean decrease (percent) | -2.3 |
| Median decrease (percent) | -2.3 |
| Adjustments averaged over life of contract4/ | |
| All settlements | 100 |
| No change | 4 |
| Decreases3/ | 3 |
| Increases | 94 |
| Under 2 percent | 18 |
| 2 and under 4 percent | 39 |
| 4 and under 6 percent | 33 |
| 6 and under 8 percent | 2 |
| 8 percent and over | 2 |
| Total number of workers (in thousands) | 1,016 |
| Mean adjustment (percent) | 3.3 |
| Median adjustment (percent) | 3.5 |
| Mean increase (percent) | 3.5 |
| Median increase (percent) | 3.5 |
| Mean decrease (percent) | -1.3 |
| Median decrease (percent) | -1.0 |

1/ Percent of estimated average hourly compensation.
2/ See note 1, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 2, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, first nine months of 1985.

| Rate of adjustment1/ | First year adjustments2/ (percent of workers affected) | |
|---|---|---|
| | Compensation | Wages alone |
| All settlements | 100 | 100 |
| No change | 17 | 29 |
| Decreases3/ | 8 | 8 |
| Increases | 75 | 63 |
| Under 2 percent | 12 | 11 |
| 2 and under 4 percent | 34 | 28 |
| 4 and under 6 percent | 25 | 20 |
| 6 percent and over | 4 | 4 |
| Total number of workers (in thousands) | 305 | 307 |
| Mean adjustment (percent) | 1.8 | 1.5 |
| Median adjustment (percent) | 2.7 | 2.1 |
| Mean increase (percent) | 3.4 | 3.6 |
| Median increase (percent) | 3.5 | 3.7 |
| Mean decrease (percent) | -9.3 | -10.1 |
| Median decrease (percent) | -7.8 | -10.4 |
| | Adjustments averaged over life of contract4/ (percent of workers affected) | |
| | Compensation | Wages alone |
| All settlements | 100 | 100 |
| No change | 14 | 22 |
| Decreases3/ | 7 | 8 |
| Increases | 79 | 70 |
| Under 2 percent | 9 | 7 |
| 2 and under 4 percent | 35 | 35 |
| 4 and under 6 percent | 34 | 26 |
| 6 percent and over | 1 | 3 |
| Total number of workers (in thousands) | 305 | 307 |
| Mean adjustment (percent) | 2.4 | 2.1 |
| Median adjustment (percent) | 2.9 | 2.8 |
| Mean increase (percent) | 3.5 | 3.6 |
| Median increase (percent) | 3.7 | 3.4 |
| Mean decrease (percent) | -5.0 | -5.4 |
| Median decrease (percent) | -2.5 | -2.8 |

1/ Percent of estimated average hourly compensation (wages and benefits) and percent of estimated average hourly earnings, excluding overtime (wages alone).
2/ See note 1, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 2, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more by duration of contract, first nine months of 1985.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 376 | 84 | 25 | 54 | 51 | 95 | 67 |
| Number of workers (in thousands) | 1,615 | 244 | 65 | 127 | 236 | 712 | 231 |
| Average duration (months) | 30.9 | 11.3 | 17.5 | 24.0 | 33.3 | 36.0 | 41.3 |
| Percent adjustment in: | | | | | | | |
| First contract year | 2.3 | 2.7 | 1.3 | 2.7 | 1.8 | 2.3 | 2.7 |
| Second contract year1/ | 3.4 | - | 1.1 | 3.3 | 3.0 | 3.7 | 3.5 |
| Third contract year2/ | 3.5 | - | - | - | 2.0 | 4.1 | 3.3 |
| Average annual percent adjustment over life of contract | 2.9 | 2.4 | 1.5 | 3.0 | 2.4 | 3.3 | 3.0 |

1/ Average is based only on settlements with a duration greater than 12 months.
2/ Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments for collective bargaining settlements reached third quarter 1984 - third quarter 1985.
(in percent)

| Measure | 1984 | | | 1985 | | |
|---|---|---|---|---|---|---|
| | III | IV | Full year | I1/ | II1/ | III2/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year3/ | | | | | | |
| All industries | 2.1 | 2.3 | 2.4 | 3.4 | 2.5 | 1.7 |
| Contracts with COLA clauses | 1.5 | 2.6 | 2.9 | 2.4 | 1.5 | .5 |
| Contracts without COLA clauses | 2.1 | 1.1 | 2.1 | 3.6 | 2.8 | 2.5 |
| Manufacturing | 2.3 | 2.2 | 2.3 | .7 | 1.4 | .5 |
| Contracts with COLA clauses | .7 | 2.2 | 2.1 | 1.4 | 1.0 | .1 |
| Contracts without COLA clauses | 3.8 | 2.5 | 2.9 | .2 | 2.1 | 1.0 |
| Nonmanufacturing | 2.0 | 2.5 | 2.5 | 4.8 | 2.8 | 3.3 |
| Contracts with COLA clauses | 5.0 | 5.9 | 5.5 | 5.0 | 2.1 | 3.1 |
| Contracts without COLA clauses | 1.9 | .6 | 2.0 | 4.7 | 2.9 | 3.3 |
| Construction | 2.0 | -2.8 | .5 | -1.0 | 1.5 | 2.1 |
| All industries excluding construction | 2.1 | 2.6 | 2.9 | 3.7 | 2.9 | 1.7 |
| Nonmanufacturing excluding construction | 2.0 | 3.9 | 3.4 | 5.4 | 3.5 | 3.8 |
| Annual average over life of contract4/ | | | | | | |
| All industries | 2.6 | 1.5 | 2.4 | 3.2 | 2.9 | 2.9 |
| Contracts with COLA clauses | 1.6 | 1.3 | 1.8 | 1.8 | 2.5 | 2.7 |
| Contracts without COLA clauses | 2.7 | 2.1 | 2.7 | 3.6 | 2.9 | 3.0 |
| Manufacturing | 2.5 | 1.0 | 1.5 | 1.5 | 2.4 | 2.3 |
| Contracts with COLA clauses | 1.2 | .8 | 1.0 | 1.1 | 2.3 | 2.4 |
| Contracts without COLA clauses | 3.8 | 3.5 | 3.3 | 1.8 | 2.7 | 2.0 |
| Nonmanufacturing | 2.6 | 2.8 | 2.9 | 4.0 | 3.0 | 3.6 |
| Contracts with COLA clauses | 3.1 | 4.8 | 4.8 | 3.5 | 2.9 | 4.2 |
| Contracts without COLA clauses | 2.6 | 1.7 | 2.6 | 4.1 | 3.0 | 3.5 |
| Construction | 2.1 | -.8 | 1.0 | .6 | 2.2 | 2.3 |
| All industries excluding construction | 2.8 | 1.6 | 2.7 | 3.4 | 3.1 | 3.0 |
| Nonmanufacturing excluding construction | 2.8 | 3.8 | 3.8 | 4.4 | 3.4 | 4.2 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year3/ | | | | | | |
| All industries | 2.7 | 3.7 | 3.6 | 4.4 | 3.5 | 1.7 |
| Contracts with COLA clauses | 5/ | 3.9 | 4.0 | 3.0 | 2.8 | .8 |
| Contracts without COLA clauses | 5/ | 2.3 | 3.2 | 4.8 | 3.7 | 2.3 |
| Annual average over life of contract4/ | | | | | | |
| All industries | 3.1 | 2.0 | 2.8 | 4.0 | 3.5 | 2.9 |
| Contracts with COLA clauses | 5/ | 2.0 | 2.3 | 1.7 | 3.3 | 2.8 |
| Contracts without COLA clauses | 5/ | 2.2 | 3.3 | 4.8 | 3.5 | 2.9 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 1, table 1.
4/ See note 2, table 1.
5/ Data for averages do not meet publication standards.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, third quarter 1984 - third quarter 1985.
(in percent)

| Characteristic | 1984 | | | 1985 | | |
|---|---|---|---|---|---|---|
| | III | IV | Full Year1/ | I2/ | II2/ | III3/ |
| Total effective adjustments (prorated over all workers)4/ | 1.2 | 0.7 | 3.7 | 0.7 | 0.8 | 1.2 |
| Source: | | | | | | |
| Current settlements | .2 | .3 | .8 | .1 | .2 | .2 |
| Prior agreements | 7 | .2 | 2.0 | .6 | .5 | .6 |
| COLA provisions | .3 | .2 | .9 | .1 | .1 | .4 |
| Industry | | | | | | |
| Manufacturing | 1.0 | 1.1 | 4.3 | .9 | .6 | .7 |
| Nonmanufacturing | 1.3 | .4 | 3.3 | .7 | 1.0 | 1.5 |
| Nonmanufacturing excluding construction | 1.4 | .6 | 3.4 | .9 | .7 | 1.6 |
| Construction | .9 | .0 | 2.9 | .1 | 1.8 | .9 |
| Transportation and public utilities | 1.5 | .5 | 3.0 | .6 | .6 | 2.0 |
| Wholesale and retail trade | .7 | .5 | 3.4 | 1.0 | .8 | .8 |
| Services | 2.3 | .6 | 4.9 | 1.7 | .9 | 2.0 |
| Effective wage change for workers receiving changes | 3.6 | 2.7 | 4.4 | 2.6 | 2.5 | 2.9 |
| Source: | | | | | | |
| Current settlements | 3.1 | 2.5 | 3.0 | 4.7 | 3.1 | 2.8 |
| Prior agreements | 3.3 | 3.1 | 4.0 | 4.1 | 3.9 | 2.7 |
| COLA provisions | 1.6 | 1.3 | 2.7 | .5 | .9 | 1.8 |
| Total number of workers receiving wage change (in thousands) | 2,385.5 | 1,850.1 | 6,194.7 | 2,016.8 | 2,325.2 | 2,769.0 |
| Source: | | | | | | |
| Current settlements | 405.9 | 910.8 | 1,851.4 | 176.9 | 516.5 | 388.3 |
| Prior agreements | 1,580.8 | 443.4 | 3,667.7 | 966.5 | 859.8 | 1,481.5 |
| COLA provisions | 1,214.8 | 1,070.3 | 2,517.5 | 990.1 | 986.8 | 1,689.3 |
| Number of workers not receiving a wage change (in thousands) | 4,931.9 | 5,467.3 | 1,122.7 | 4,962.3 | 4,653.9 | 4,210.1 |

---

1/ The effective wage-rate adjustment for the year is the total of the cumulative quarterly changes.
2/ Preliminary revised.
3/ Preliminary.
4/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses.
NOTE: Because of rounding and compounding in the effective wage change series, sums of ndividual items may not equal totals.

Table 9. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1983 | | 1984 | | | | 1985 | | |
| | III | IV | I | II | III | IV | I1/ | II1/ | III2/ |
| Wage-rate adjustments in- | | | | | | | | | |
| All industries | | | | | | | | | |
| First year3/ | 2.2 | 2.6 | 3.5 | 3.5 | 3.2 | 2.4 | 2.4 | 2.4 | 2.3 |
| Contracts with COLA clauses | .4 | 1.9 | 4.0 | 4.6 | 4.5 | 2.9 | 2.5 | 2.3 | 1.0 |
| Contracts without COLA clauses | 3.7 | 3.3 | 3.0 | 2.7 | 2.3 | 2.1 | 2.4 | 2.4 | 2.8 |
| Over life of contract4/ | 3.2 | 2.8 | 3.0 | 3.1 | 2.8 | 2.4 | 2.3 | 2.4 | 2.9 |
| Contracts with COLA clauses | 2.2 | 2.0 | 2.6 | 2.9 | 2.8 | 1.8 | 1.3 | 1.6 | 2.5 |
| Contracts without COLA clauses | 4.1 | 3.7 | 3.4 | 3.2 | 2.8 | 2.7 | 2.8 | 2.8 | 3.1 |
| Manufacturing | | | | | | | | | |
| First year3/ | .6 | .4 | 2.6 | 3.0 | 2.6 | 2.3 | 2.1 | 2.0 | .8 |
| Contracts with COLA clauses | -.2 | -.7 | 2.4 | 3.2 | 1.5 | 2.1 | 2.0 | 1.9 | .5 |
| Contracts without COLA clauses | 2.9 | 3.2 | 2.9 | 2.8 | 3.7 | 2.9 | 2.5 | 2.2 | 1.2 |
| Over life of contract4/ | 2.3 | 2.1 | 2.8 | 3.1 | 2.8 | 1.5 | 1.4 | 1.4 | 2.2 |
| Contracts with COLA clauses | 1.8 | 1.4 | 2.2 | 2.8 | 1.8 | 1.0 | .9 | 1.0 | 2.3 |
| Contracts without COLA clauses | 3.9 | 3.9 | 3.7 | 3.6 | 3.8 | 3.3 | 3.2 | 3.0 | 2.2 |
| Nonmanufacturing | | | | | | | | | |
| First year3/ | 3.3 | 3.8 | 3.8 | 3.7 | 3.3 | 2.5 | 2.6 | 2.7 | 3.2 |
| Contracts with COLA clauses | 1.7 | 4.4 | 4.9 | 5.2 | 5.4 | 5.5 | 5.1 | 4.3 | 2.8 |
| Contracts without COLA clauses | 3.9 | 3.3 | 3.0 | 2.6 | 2.1 | 2.0 | 2.4 | 2.5 | 3.3 |
| Over life of contract4/ | 3.9 | 3.2 | 3.1 | 3.0 | 2.8 | 2.9 | 2.8 | 2.9 | 3.3 |
| Contracts with COLA clauses | 3.1 | 2.6 | 2.9 | 3.0 | 3.1 | 4.8 | 4.0 | 3.8 | 3.3 |
| Contracts without COLA clauses | 4.1 | 3.7 | 3.3 | 3.0 | 2.6 | 2.6 | 2.7 | 2.8 | 3.3 |
| Construction | | | | | | | | | |
| First year3/ | 1.6 | 1.5 | 1.2 | .8 | .9 | .5 | .9 | 1.1 | 1.5 |
| Contracts with COLA clauses | -.6 | -.6 | .1 | -.4 | 4.0 | 4.0 | 4.6 | 9.2 | 5/ |
| Contracts without COLA clauses | 2.0 | 1.9 | 1.4 | .9 | .9 | .4 | .8 | 1.0 | 5/ |
| Over life of contract4/ | 2.4 | 2.4 | 2.0 | 1.7 | 1.4 | 1.0 | 1.4 | 1.8 | 2.1 |
| Contracts with COLA clauses | .9 | .9 | .7 | .0 | 1.4 | 1.4 | 1.7 | 4.6 | 5/ |
| Contracts without COLA clauses | 2.6 | 2.6 | 2.2 | 1.8 | 1.4 | 1.0 | 1.4 | 1.7 | 5/ |

1/ Preliminary revised
2/ Preliminary
3/ See note 1, table 1.
4/ See note 2, table 1.
5/ Data for averages do not meet publication standards.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1983 | | 1984 | | | | 1985 | | |
| | III | IV | I | II | III | IV | I1/ | II1/ | III2/ |
| Total effective adjustments (prorated over all workers)3/.... | 4.3 | 4.0 | 4.7 | 4.3 | 4.2 | 3.7 | 3.6 | 3.5 | 3.4 |
| Source: | | | | | | | | | |
| From current settlements....... | .9 | .8 | 1.2 | 1.0 | 1.0 | .8 | .7 | .9 | .8 |
| From prior agreements.......... | 2.6 | 2.5 | 2.5 | 2.2 | 2.1 | 2.0 | 2.2 | 1.9 | 1.8 |
| From COLA...................... | .8 | .6 | 1.0 | 1.1 | 1.2 | .9 | .7 | .7 | .8 |
| Effective wage change for workers receiving change................ | 5.6 | 4.7 | 5.5 | 5.3 | 5.0 | 4.4 | 4.5 | 4.2 | 4.3 |
| Source: | | | | | | | | | |
| From current settlements....... | 3.2 | 2.8 | 4.2 | 3.6 | 3.7 | 3.0 | 2.9 | 2.9 | 2.8 |
| From prior agreements.......... | 5.9 | 5.9 | 5.5 | 4.9 | 4.2 | 4.0 | 4.2 | 3.9 | 3.7 |
| From COLA...................... | 2.4 | 2.1 | 3.6 | 4.0 | 3.2 | 2.7 | 2.3 | 2.3 | 2.8 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 4, table 8. Because of rounding, may not equal sum of parts.

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 3 MONTHS 1986

Major collective bargaining settlements in private industry in the first 3 months of 1986 provided wage adjustments averaging 0.8 percent in the first contract year and 1.6 percent annually over the life of the contract, the U. S. Department of Labor's Bureau of Labor Statistics reported today. The last time the same parties bargained (2 to 3 years ago), average wage adjustments were 2.0 percent in the first contract year and 3.2 percent annually over the contract life.

Settlements reached during the first quarter covered 283,000 workers under 79 agreements. Approximately 475,000 other workers, however, were covered by 89 contracts that had expired but had not been renegotiated or ratified by the end of the quarter; over half of these workers were under agreements in railroad transportation that expired in June 1984.

The Bureau's major collective bargaining agreements series for private industry covers 6.9 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first 3 months of 1986, this release includes information on wage changes effective in the quarter that resulted from the new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLA's).

## First-quarter 1986 settlements

About 159,000 workers under settlements reached in the first quarter of 1986 had no wage change in the first year of the contract, 105,000 had wage increases (averaging 3.9 percent), and nearly 19,000 had decreases (averaging 9.9 percent). One-half of the workers with no wage change in the first contract year and one-sixth of those with wage decreases will have subsequent wage increases. Thus, 188,000 workers will have a net wage gain over the contract term. About 15,500 of the 18,600 workers who had wage decreases in the first contract year will have decreases (averaging 4.5 percent) for the contract term as well. About 69,000 workers covered by first-quarter settlements were in the construction industry, 42,000 were in retail food stores, 33,000 were in petroleum refining, and the remainder were in a variety of other industries.

More than two-fifths of the workers (122,000) under first quarter settlements were covered by "back-loaded" contracts -- that is, specified wage adjustments were lower in the first contract year than in subsequent years. Back-loaded contracts provided average adjustments of minus 1.0 percent in the first year and 1.2 percent annually over the life of the contract. They were in a variety of industries, including petroleum refining, airlines, and construction.

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About one-fifth of the workers (61,000) were under "front-loaded" contracts which provided average wage adjustments of 4.4 percent in the first contract year and 3.8 percent annually over the contract life. The remaining workers were under agreements of 12 months duration or that provided equal wage adjustments each year.

More than one-third (104,000) of the workers under settlements in the first 3 months will receive lump-sum payments. (Lump sums are excluded from wage and compensation measures in this series.) Settlements with lump-sum payments had average wage adjustments of 0.4 percent in the first contract year and 0.9 percent annually over the contract life, lower than the corresponding averages for settlements without lump sums -- 1.0 and 2.0 percent. Contracts providing lump-sum payments were negotiated in petroleum refining, metal containers, and food stores, as well as in other industries.

First-quarter settlements covering 42,000 workers have cost-of-living adjustment (COLA) clauses. They specified average wage adjustments of 2.2 percent in the first year of the contract and 2.4 percent annually over the contract life. Settlements without COLA clauses, covering 240,000 workers, provided corresponding adjustments of 0.5 percent and 1.4 percent. Wage adjustments triggered by COLA's depend on future changes in the Consumer Price Index (CPI) and are excluded from these measures. (See Explanatory Note.) COLA clauses were established in settlements covering 7,200 workers and discontinued in settlements covering 21,500 workers in the first quarter of 1986.

The Bureau also measures compensation (wages and employee benefits costs) changes in settlements covering at least 5,000 workers. In the first 3 months of 1986, compensation adjustments under these settlements averaged 0.3 percent in the first contract year and 1.2 percent annually over the life of the contract. (See table 1.)

## Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in the first 3 months of 1986, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Average effective wage adjustments in the first 3 months of 1986 were (in percent):

| | For workers receiving wage change(s) | For all workers (prorated) |
|---|---|---|
| All adjustments | 1.9 | 0.6 |
| New settlements | 0.7 | 1/ |
| Deferred adjustments | 3.0 | 0.4 |
| COLA adjustments | 0.8 | 0.2 |

1/ Less than 0.05 percent.

Wage changes (increases and decreases) put into effect in the first quarter of 1986 averaged 1.9 percent for the 2.2 million workers who received them. When prorated over all 6.9 million workers covered by major agreements, wage adjustments averaged 0.6 percent.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes, the timing of COLA reviews, and possible limitations on the amount of COLA change. About 1.7 million workers had COLA reviews in the first 3 months of 1986. Of these, 1.4 million had COLA-triggered wage increases averaging 0.8 percent. Wage adjustments stemming from COLA reviews in the quarter averaged 72 percent of the change in the CPI during the COLA review period.

## Second-quarter 1986 bargaining activity

In addition to the 475,000 workers under 89 contracts that had expired or been reopened prior to April 1, 1986, but had not been renegotiated or ratified, there are 933,000 workers under 295 major agreements scheduled to expire or reopen for wage negotiations during April-June 1986. They are in a variety of industries, including construction, hospitals, public utilities, and metalworking.

About 1.1 million workers are scheduled to receive deferred wage increases averaging 3.4 percent during the second quarter of 1986. These changes will be made under provisions of existing agreements negotiated earlier. About 1.6 million workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industry. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About one-tenth of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlement Data

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) changes are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred wage changes, but exclude potential wage changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, performance bonuses, and attendance bonuses) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration date or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective Wage Adjustment Data

Effective wage adjustments (both increases and decreases) are calculated by dividing wage changes implemented in a period by the average hourly wage rate at the beginning of the period.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

## The Tables

Table 1 summarizes data on settlements concluded in the first 3 months of 1986. Measures are expressed as average wage "adjustments" to include settlements in which wage rates are increased, decreased, or unchanged.

Table 2 shows the distribution of workers by the wage change in individual settlements. Means and medians are computed by weighting the changes by the number of workers affected.

Table 3 provides average wage adjustments for settlements by contract duration.

Tables 4 and 5 provide quarterly and annual data for 1985, and data for the first quarter of 1986. Table 4 shows average wage and compensation adjustments for settlements; table 5 provides effective wage adjustment data.

Tables 6 and 7 provide data for 4-quarter periods through the first quarter of 1986. Table 6 provides average wage adjustments for settlements; table 7 shows effective wage adjustment data.
Distributions of workers by the size of wage change for manufacturing and nonmanufacturing, usually published, do not meet publication standards this quarter. Similarly, distribution data are not presented on compensation adjustments for units of 5,000 workers or more, nor for wage or compensation adjustments for construction settlements.

Data for the first quarter of 1986 are preliminary and may be revised if additional information is obtained. Final data will be available in March 1987.

Additional historical information is available from the Office of Wages and Industrial Relations, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and released semi-annually. Information for 1985 was released in February 1986, and information for the first 6 months of 1986 will be released in August 1986.

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Major collective bargaining settlements data for the second quarter of 1986 will be released on Monday, July 28, 1986, at 10:00 A.M. (EDT), and the third quarter 1986 release will be issued on October 27, 1986.

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments in collective bargaining settlements, first 3 months of 1986.
(in percent)

| Measure | First-year adjustments1/ | Annual adjustment over life of contracts2/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 0.8 | 1.6 | 283 |
| Contracts with COLA clauses | 2.2 | 2.4 | 42 |
| Contracts without COLA clauses | .5 | 1.4 | 240 |
| Manufacturing | .9 | 1.5 | 95 |
| Contracts with COLA clauses | 1.6 | 1.7 | 28 |
| Contracts without COLA clauses | .6 | 1.4 | 67 |
| Nonmanufacturing | .7 | 1.6 | 187 |
| Contracts with COLA clauses | 3.5 | 3.7 | 14 |
| Contracts without COLA clauses | .5 | 1.5 | 173 |
| Construction3/ | 1.7 | 2.5 | 69 |
| All industries excluding construction3/ | .5 | 1.3 | 214 |
| Nonmanufacturing excluding construction3/ | .2 | 1.1 | 119 |
| Compensation adjustments in settlements covering 5,000 workers or more:3/ | | | |
| All industries | .3 | 1.2 | 147 |
| Manufacturing | .9 | 1.7 | 36 |
| Nonmanufacturing | .1 | 1.0 | 111 |
| Construction | 1.4 | 2.1 | 45 |
| All industries excluding construction | -.2 | .8 | 102 |
| Nonmanufacturing excluding construction | -.8 | .3 | 66 |

1/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date. Includes increases, decreases, and freezes.

2/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract. Includes increases, decreases, and freezes.

3/ Data by COLA coverage do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year and over-the-life wage adjustments in collective bargaining settlements covering 1,000 workers or more, first 3 months of 1986.

| Rate of adjustment | Percent of workers affected |
|---|---|
| First year adjustments[1] | |
| All settlements | 100 |
| No wage change | 56 |
| Decreases[2] | 7 |
| Increases | 37 |
| Under 2 percent | 3 |
| 2 and under 4 percent | 16 |
| 4 and under 6 percent | 15 |
| 6 and under 8 percent | 4 |
| 8 percent and over | 0 |
| Total number of workers (in thousands) | 283 |
| Mean adjustment (percent) | .8 |
| Median adjustment (percent) | .0 |
| Mean increase (percent) | 3.9 |
| Median increase (percent) | 3.9 |
| Mean decrease (percent) | -9.9 |
| Median decrease (percent) | -7.9 |
| Adjustments averaged over the life of the contact[3] | |
| All settlements | 100 |
| No wage change | 28 |
| Decreases[2] | 5 |
| Increases | 66 |
| Under 2 percent | 24 |
| 2 and under 4 percent | 27 |
| 4 and under 6 percent | 15 |
| 6 and under 8 percent | 2 |
| 8 percent and over | 0 |
| Total number of workers (in thousands) | 283 |
| Mean adjustment (percent) | 1.6 |
| Median adjustment (percent) | 1.0 |
| Mean increase (percent) | 2.7 |
| Median increase (percent) | 2.9 |
| Mean decrease (percent) | -4.5 |
| Median decrease (percent) | -5.3 |

[1] See note 1, table 1.

[2] Distributions are not shown to protect confidentiality.

[3] See note 2, table 1.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more by duration of contract, first 3 months of 1986.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 79 | 6 | 7 | 6 | 20 | 19 | 21 |
| Number of workers (in thousands) | 283 | 35 | 10 | 39 | 62 | 78 | 59 |
| Average duration (months) | 29.0 | 12.0 | 19.1 | 24.0 | 26.9 | 36.0 | 36.9 |
| Percent adjustment in: | | | | | | | |
| First contract year | .8 | .1 | .4 | 1.3 | .1 | 1.9 | .1 |
| Second contract year1/ | 2.6 | - | 1.4 | 4.5 | 1.8 | 2.4 | 2.6 |
| Third contract year2/ | 1.6 | - | - | - | .1 | 1.9 | 2.7 |
| Average annual percent adjustment over life of contract | 1.6 | .1 | .8 | 2.9 | 1.0 | 2.1 | 1.7 |

1/ Average is based only on settlements with a duration greater than 12 months.

2/ Average is based only on settlements with a duration greater than 24 months.

Table 4. Average wage and compensation (wage and benefit costs) adjustments for collective bargaining settlements reached by quarter, 1985 and first quarter of 1986.
(in percent)

| Measure | 1985 | | | | | 1986 |
|---|---|---|---|---|---|---|
| | I | II | III | IV | Full year | I1/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year2/ | | | | | | |
| All industries | 3.3 | 2.5 | 2.0 | 2.1 | 2.3 | 0.8 |
| Contracts with COLA clauses | 2.4 | 1.5 | .5 | 3.1 | 1.6 | 2.2 |
| Contracts without COLA clauses | 3.6 | 2.8 | 2.9 | 1.3 | 2.7 | .5 |
| Manufacturing | .8 | 1.6 | .5 | .9 | .8 | .9 |
| Contracts with COLA clauses | 1.4 | 1.1 | .1 | 1.8 | .8 | 1.6 |
| Contracts without COLA clauses | .5 | 2.2 | 1.1 | .1 | .9 | .6 |
| Nonmanufacturing | 4.7 | 2.8 | 3.6 | 3.4 | 3.3 | .7 |
| Contracts with COLA clauses | 5.0 | 2.1 | 3.1 | 4.6 | 3.6 | 3.5 |
| Contracts without COLA clauses | 4.6 | 2.9 | 3.7 | 2.5 | 3.3 | .5 |
| Construction | -.8 | 1.5 | 2.1 | .6 | 1.5 | 1.7 |
| All industries excluding construction | 3.7 | 2.9 | 2.0 | 2.1 | 2.5 | .5 |
| Nonmanufacturing excluding construction | 5.4 | 3.5 | 4.1 | 3.5 | 3.9 | .2 |
| Annual average over life of contract3/ | | | | | | |
| All industries | 3.2 | 2.8 | 3.1 | 1.9 | 2.7 | 1.6 |
| Contracts with COLA clauses | 1.8 | 2.4 | 2.6 | 2.7 | 2.5 | 2.4 |
| Contracts without COLA clauses | 3.5 | 2.9 | 3.3 | 1.3 | 2.8 | 1.4 |
| Manufacturing | 1.6 | 2.3 | 2.3 | .9 | 1.8 | 1.5 |
| Contracts with COLA clauses | 1.1 | 2.1 | 2.4 | 1.6 | 2.1 | 1.7 |
| Contracts without COLA clauses | 2.0 | 2.7 | 2.1 | .4 | 1.6 | 1.4 |
| Nonmanufacturing | 4.0 | 3.0 | 3.9 | 2.9 | 3.3 | 1.6 |
| Contracts with COLA clauses | 3.5 | 2.9 | 4.2 | 4.0 | 3.6 | 3.7 |
| Contracts without COLA clauses | 4.0 | 3.0 | 3.9 | 2.2 | 3.3 | 1.5 |
| Construction | .5 | 2.2 | 2.3 | .6 | 2.1 | 2.5 |
| All industries excluding construction | 3.4 | 3.1 | 3.2 | 1.9 | 2.9 | 1.3 |
| Nonmanufacturing excluding construction | 4.4 | 3.4 | 4.4 | 3.0 | 3.7 | 1.1 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year2/ | | | | | | |
| All industries | 3.6 | 3.5 | 2.0 | 2.0 | 2.6 | .3 |
| Contracts with COLA clauses | 3.0 | 2.8 | .8 | 2.5 | 2.0 | 4/ |
| Contracts without COLA clauses | 3.7 | 3.7 | 2.7 | 1.5 | 3.0 | 4/ |
| Annual average over life of contract3/ | | | | | | |
| All industries | 2.7 | 3.4 | 3.0 | 1.4 | 2.7 | 1.2 |
| Contracts with COLA clauses | 1.7 | 3.0 | 2.7 | 2.0 | 2.5 | 4/ |
| Contracts without COLA clauses | 3.0 | 3.5 | 3.3 | .7 | 2.9 | 4/ |

1/ Preliminary.
2/ See note 1, table 1.
3/ See note 2, table 1.

4/ Data by COLA coverage do not meet publication standards.

Table 5. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, by quarter, 1985 - and first quarter of 1986.
(in percent)

| Characteristic | 1985 | | | | | 1986 |
|---|---|---|---|---|---|---|
| | I | II | III | IV | Full Year | I[1] |
| Total effective adjustments (prorated over all workers)[2] | 0.7 | 0.8 | 1.2 | 0.5 | 3.3 | 0.6 |
| Source: | | | | | | |
| Current settlements | .1 | .2 | .2 | .1 | .7 | [3] |
| Prior agreements | .6 | .5 | .5 | .2 | 1.8 | .4 |
| COLA provisions | .1 | .1 | .4 | .1 | .7 | .2 |
| Industry | | | | | | |
| Manufacturing | .9 | .6 | .8 | .5 | 2.8 | .9 |
| Nonmanufacturing | .7 | 1.0 | 1.4 | .4 | 3.6 | .4 |
| Nonmanufacturing excluding construction | .9 | .7 | 1.6 | .5 | 3.7 | .5 |
| Construction | .1 | 1.8 | .9 | .1 | 3.0 | .2 |
| Transportation and public utilities | .6 | .6 | 2.0 | .3 | 3.6 | .2 |
| Wholesale and retail trade | 1.0 | .8 | .8 | .7 | 3.3 | .9 |
| Services | 1.7 | .9 | 1.8 | .7 | 5.1 | 1.1 |
| Effective wage change for workers receiving changes | 2.6 | 2.5 | 2.9 | 1.5 | 4.1 | 1.9 |
| Source: | | | | | | |
| Current settlements | 4.6 | 3.1 | 3.0 | 2.6 | 3.4 | .7 |
| Prior agreements | 4.0 | 3.9 | 2.6 | 3.0 | 3.7 | 3.0 |
| COLA provisions | .5 | .9 | 1.8 | .5 | 2.2 | .8 |
| Total number of workers receiving wage change (in thousands) | 2,029.2 | 2,386.5 | 2,808.0 | 2,118.5 | 5,600.2 | 2,203.7 |
| Source: | | | | | | |
| Current settlements | 182.6 | 540.8 | 459.9 | 374.9 | 1,434.2 | 87.3 |
| Prior agreements | 968.4 | 858.0 | 1,434.8 | 522.4 | 3,415.0 | 1,016.7 |
| COLA provisions | 1,018.1 | 1,025.5 | 1,737.7 | 1,299.0 | 2,317.2 | 1,438.5 |
| Number of workers not receiving a wage change (in thousands) | 4,924.4 | 4,567.1 | 4,145.6 | 4,835.1 | 1,353.4 | 4,745.5 |

[1] Preliminary.

[2] Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses.

[3] Less than 0.05 percent.

NOTE: Because of rounding and compounding, sums of individual items may not equal totals.

Table 6. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1984 | | | | 1985 | | | | 1986 |
| | I | II | III | IV | I | II | III | IV | I1/ |
| Wage-rate adjustments in- | | | | | | | | | |
| All industries | | | | | | | | | |
| First year2/ | 3.5 | 3.5 | 3.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.3 | 2.0 |
| Contracts with COLA clauses | 4.0 | 4.6 | 4.5 | 2.9 | 2.5 | 2.3 | 1.9 | 1.6 | 1.6 |
| Contracts without COLA clauses | 3.0 | 2.7 | 2.3 | 2.1 | 2.4 | 2.4 | 2.7 | 2.7 | 2.2 |
| Over life of contract3/ | 3.0 | 3.1 | 2.8 | 2.4 | 2.3 | 2.4 | 2.5 | 2.7 | 2.5 |
| Contracts with COLA clauses | 2.6 | 2.9 | 2.8 | 1.8 | 1.3 | 1.5 | 1.8 | 2.5 | 2.6 |
| Contracts without COLA clauses | 3.4 | 3.2 | 2.8 | 2.7 | 2.8 | 2.8 | 3.0 | 2.8 | 2.5 |
| Manufacturing | | | | | | | | | |
| First year2/ | 2.6 | 3.0 | 2.6 | 2.3 | 2.1 | 2.0 | 1.5 | .8 | .8 |
| Contracts with COLA clauses | 2.4 | 3.2 | 1.5 | 2.1 | 2.0 | 1.9 | 1.5 | .8 | .8 |
| Contracts without COLA clauses | 2.9 | 2.8 | 3.7 | 2.9 | 2.5 | 2.2 | 1.5 | .9 | .9 |
| Over life of contract3/ | 2.8 | 3.1 | 2.8 | 1.5 | 1.4 | 1.5 | 1.6 | 1.8 | 1.8 |
| Contracts with COLA clauses | 2.2 | 2.8 | 1.8 | 1.0 | .9 | 1.0 | 1.4 | 2.1 | 2.1 |
| Contracts without COLA clauses | 3.7 | 3.6 | 3.8 | 3.3 | 3.2 | 3.0 | 2.4 | 1.6 | 1.5 |
| Nonmanufacturing | | | | | | | | | |
| First year2/ | 3.8 | 3.7 | 3.3 | 2.5 | 2.6 | 2.7 | 3.2 | 3.3 | 2.8 |
| Contracts with COLA clauses | 4.9 | 5.2 | 5.4 | 5.5 | 5.1 | 4.3 | 4.0 | 3.6 | 3.5 |
| Contracts without COLA clauses | 3.0 | 2.6 | 2.1 | 2.0 | 2.4 | 2.5 | 3.0 | 3.3 | 2.7 |
| Over life of contract3/ | 3.1 | 3.0 | 2.8 | 2.9 | 2.8 | 2.9 | 3.3 | 3.3 | 3.0 |
| Contracts with COLA clauses | 2.9 | 3.0 | 3.1 | 4.8 | 4.0 | 3.8 | 3.9 | 3.6 | 3.6 |
| Contracts without COLA clauses | 3.3 | 3.0 | 2.6 | 2.6 | 2.7 | 2.8 | 3.2 | 3.3 | 2.9 |
| Construction | | | | | | | | | |
| First year2/ | 1.2 | .8 | .9 | .5 | .9 | 1.1 | 1.0 | 1.5 | 1.7 |
| Contracts with COLA clauses | .1 | -.4 | 4.0 | 4.0 | 4.6 | 9.2 | 4/ | 4/ | 4/ |
| Contracts without COLA clauses | 1.4 | .9 | .9 | .4 | .8 | 1.0 | 4/ | 4/ | 4/ |
| Over life of contract3/ | 2.0 | 1.7 | 1.4 | 1.0 | 1.4 | 1.7 | 1.7 | 2.1 | 2.2 |
| Contracts with COLA clauses | .7 | .0 | 1.4 | 1.4 | 1.7 | 4.6 | 4/ | 4/ | 4/ |
| Contracts without COLA clauses | 2.2 | 1.8 | 1.4 | 1.0 | 1.4 | 1.7 | 4/ | 4/ | 4/ |

1/ Preliminary
2/ See note 1, table 1.
3/ See note 2, table 1.
4/ Data by COLA coverage do not meet publication standards.

Table 7. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1984 | | | | 1985 | | | | 1986 |
| | I | II | III | IV | I | II | III | IV | I1/ |
| Total effective adjustments (prorated over all workers)2/.... | 4.7 | 4.3 | 4.2 | 3.7 | 3.6 | 3.5 | 3.5 | 3.3 | 3.1 |
| Source: | | | | | | | | | |
| From current settlements....... | 1.2 | 1.0 | 1.0 | .8 | .7 | .9 | .9 | .7 | .6 |
| From prior agreements.......... | 2.5 | 2.2 | 2.1 | 2.0 | 2.2 | 1.9 | 1.8 | 1.8 | 1.7 |
| From COLA...................... | 1.0 | 1.1 | 1.2 | .9 | .7 | .7 | .8 | .7 | .8 |
| Effective wage change for workers receiving change................ | 5.5 | 5.3 | 5.0 | 4.4 | 4.5 | 4.2 | 4.3 | 4.1 | 4.0 |
| Source: | | | | | | | | | |
| From current settlements....... | 4.2 | 3.6 | 3.7 | 3.0 | 2.9 | 2.9 | 2.8 | 3.4 | 2.9 |
| From prior agreements.......... | 5.5 | 4.9 | 4.2 | 4.0 | 4.2 | 3.9 | 3.7 | 3.7 | 3.5 |
| From COLA...................... | 3.6 | 4.0 | 3.2 | 2.7 | 2.3 | 2.3 | 2.8 | 2.2 | 2.5 |

1/ Preliminary.

2/ See note 2, table 5. Because of rounding, total may not equal sum of parts.

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| Historical, technical data: | USDL: 86-299 |
| Harriet Weinstein (202) 523-1308 | 86- 673-P |
| William Davis (202) 523-1921 | FOR RELEASE: 10:00 A.M. E.D.T. |
| Media Contact: | Monday, July 28, 1986 |
| Kathryn Hoyle (202) 523-1913 | |

## MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 6 MONTHS 1986

Major collective bargaining settlements in private industry in the first 6 months of 1986 provided wage adjustments averaging 1.2 percent in the first contract year and 1.9 percent annually over the life of the contract, the U. S. Department of Labor's Bureau of Labor Statistics reported today. The last time the same parties bargained (2 to 3 years ago), average wage adjustments were 2.5 percent in the first contract year and 3.1 percent annually over the contract life.

Settlements reached during the first half of the year covered 972,000 workers under 261 agreements. In addition, approximately 901,000 other workers were covered by 172 contracts that had expired but had not been renegotiated or ratified by June 30. This included 190,000 workers in construction industries, 185,000 workers in railroad transportation, and 155,000 workers covered by the unratified pact between American Telephone and Telegraph Company (AT&T) and the Communication Workers of America (CWA).

The Bureau's major collective bargaining agreements series for private industry covers 6.9 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first 6 months of 1986, this release includes information on wage changes effective in the first half of 1986 that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLA's).

### First-half 1986 settlements

Average settlements in the construction industry, covering 36 percent of the 972,000 workers under first-half 1986 settlements, were higher than overall averages. Construction settlements had average first-year wage adjustments of 2.5 percent compared with 0.4 percent in all other industries. Similarly, over their term, construction industry settlements provided annual adjustments averaging 2.7 percent; settlements in other industries averaged 1.4 percent a year.

Average settlements in manufacturing, in contrast, were lower than the average for all industries in the first half of 1986. Manufacturing adjustments averaged -1.0 percent in the first contract year and 0.6 percent annually over the life of the contract. The size of settlements in manufacturing was primarily the result of wage decreases in the steel industry. The decreases were partly offset by lump-sum payments provided by the steel contracts. (Lump-sums are excluded from wage and compensation measures in this series.)

VL QM

More than one-third (339,000) of the workers under settlements in the first 6 months will receive lump-sum payments. Settlements with lump-sum payments had average wage adjustments of -0.7 percent in the first contract year and 0.6 percent annually over the contract life, lower than the corresponding averages for settlements without lump sums -- 2.2 and 2.5 percent. In addition to those in steel, lump-sum payments were negotiated in petroleum refining, metal containers, food stores, and other industries.

Forty-six percent (445,000) of the workers under settlements reached in the first 6 months were covered by "back-loaded" contracts -- that is, specified wage adjustments were lower in the first contract year than in subsequent years. Back-loaded contracts had average wage adjustments of -0.4 percent in the first contract year and 1.4 percent annually over the contract term. "Back-loaded" settlements occurred in a variety of industries, including construction, railroads, petroleum refining, and electrical and electronic equipment. Twenty-six percent (253,000) of the workers were covered by "front-loaded" settlements that averaged 4.1 percent in the first contract year and 3.4 percent annually over the contract life. The remaining workers were under agreements of 12-month duration or that provided equal wage adjustments each year.

Of the 972,000 workers under contract settlements in the first 6 months, 570,000 had wage increases (averaging 3.4 percent) in the first contract year, 302,000 had no wage change, and 100,000 had wage decreases (averaging -7.8 percent). Subsequent wage increases for 130,000 workers who had no change and 4,000 who had wage decreases in the first contract year will result in a net wage gain over the contract term for 704,000 workers.

Contracts for 83 percent (808,000 workers) of those under first-half settlements do not have cost-of-living adjustment (COLA) clauses. These contracts specified average wage adjustments of 1.1 percent in the first year of the contract and 1.8 percent annually over the contract life. Settlements with COLA clauses, covering 164,000 workers, provided corresponding adjustments of 1.8 percent and 2.0 percent. Wage adjustments triggered by COLA's depend on future changes in the Consumer Price Index (CPI) and are excluded from these measures. (See Explanatory Note.)

About 12 percent of the workers (119,000) under first-half 1986 settlements had their COLA clauses dropped or suspended. These included almost 70,000 steel workers whose 1986 contract does not provide for any wage adjustments triggered by future changes in the CPI. COLA clauses, however, were established in settlements covering 24,000 workers. The changes in COLA provisions contributed to lowering coverage of workers under major agreements from 49 percent at the end of 1985 to 46 percent in mid-1986.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. In the first 6 months of 1986, compensation adjustments under these settlements averaged 0.6 percent in the first contract year and 1.5 percent annually over the life of the contract. (See table 1.)

## Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in the first 6 months of 1986, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Effective wage adjustments in the first 6 months of 1986 averaged (in percent):

| | For workers receiving wage change(s) | For all workers (prorated) |
|---|---|---|
| All adjustments | 2.5 | 1.3 |
| New settlements | 2.1 | 0.2 |
| Deferred adjustments | 3.4 | 1.0 |
| COLA | 0.6 | 0.1 |

Wage changes (increases and decreases) put into effect in the first half of 1986 averaged 2.5 percent for the 3.6 million workers who received them. When prorated over all 6.9 million workers covered by major agreements, wage adjustments averaged 1.3 percent.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes, the timing of COLA reviews, and possible limitations on the amount of COLA change. Of the approximately 1.9 million workers that had COLA reviews in the first 6 months of 1986, about 1.4 million had COLA-triggered "net" wage increases averaging 0.6 percent; of these, however, 884,000 had at least one COLA wage decrease during the first 6 months. An additional 34,000 workers had "net" COLA decreases during the period. Wage adjustments stemming from COLA reviews in the first half of 1986 averaged 59 percent of the change in the CPI during the COLA review period.

## Third-quarter 1986 bargaining activity

There are 901,000 workers under 172 contracts that had expired or been reopened prior to July 1, 1986, but had not been renegotiated or ratified. These include workers covered by the tentative AT&T/CWA agreement. In addition, 995,200 workers are under 156 major agreements scheduled to expire or reopen for wage negotiations during July-September 1986. Negotiations are scheduled in a variety of industries, including telephone communications, steel, food stores, electrical products, construction, and longshoring.

About 1.0 million workers are scheduled to receive deferred wage changes averaging 3.1 percent during the third quarter of 1986. These changes will be made under provisions of existing agreements negotiated earlier. About 1,460,000 workers are scheduled for COLA reviews during the quarter.

# EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industry. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About one-tenth of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

## Settlement Data

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) changes are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, performance bonuses, and attendance bonuses) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration date or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective Wage Adjustment Data

Effective wage adjustments (both increases and decreases) are calculated by dividing wage changes implemented in a period by the average hourly wage rate at the beginning of the period.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

## The Tables

Table 1 summarizes data on settlements concluded in the first 6 months of 1986. Measures are expressed as average "adjustments" to include settlements in which wages or compensation are increased, decreased, or unchanged.

Tables 2 through 5 show the distribution of workers by the wage and compensation change in individual settlements. Means and medians are computed by weighting the changes by the number of workers affected.

Table 6 provides average wage adjustments for settlements by contract duration.

Tables 7 and 8 provide quarterly data from the second quarter of 1985 through the second quarter of 1986. Table 7 shows average wage and compensation adjustments for settlements; table 8 provides effective wage adjustment data.

Tables 9 and 10 provide data for 4-quarter periods through the second quarter of 1986. Table 9 provides average wage adjustments for settlements; table 10 shows effective wage adjustment data.

Data for 1986 are preliminary and may be revised if additional information is obtained. Final data will be available in March 1987.

Additional historical information is available from the Office of Wages and Industrial Relations, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and released semi-annually. Information for 1985 was released in February 1986, and information for the first 6 months of 1986 will be released in August 1986.

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Major collective bargaining settlements data for the third quarter of 1986 will be released on Monday, October 27, 1986, at 10:00 A.M. (EST).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments in collective bargaining settlements, first six months of 1986.
(in percent)

| Measure | First-year adjustments1/ | Annual adjustment over life of contracts2/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 1.2 | 1.9 | 972 |
| Contracts with COLA clauses | 1.8 | 2.0 | 164 |
| Contracts without COLA clauses | 1.1 | 1.8 | 808 |
| Manufacturing | -1.0 | .6 | 265 |
| Contracts with COLA clauses | 1.4 | 1.4 | 63 |
| Contracts without COLA clauses | -1.8 | .4 | 202 |
| Nonmanufacturing | 2.0 | 2.3 | 707 |
| Contracts with COLA clauses | 2.0 | 2.3 | 101 |
| Contracts without COLA clauses | 2.0 | 2.3 | 606 |
| Construction | 2.5 | 2.7 | 348 |
| Contracts with COLA clauses | .8 | 1.3 | 12 |
| Contracts without COLA clauses | 2.6 | 2.8 | 336 |
| All industries excluding construction | .4 | 1.4 | 624 |
| Contracts with COLA clauses | 1.8 | 2.0 | 152 |
| Contracts without COLA clauses | (3) | 1.2 | 473 |
| Nonmanufacturing excluding construction | 1.5 | 1.9 | 359 |
| Contracts with COLA clauses | 2.2 | 2.4 | 89 |
| Contracts without COLA clauses | 1.3 | 1.7 | 270 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | .6 | 1.5 | 544 |
| Contracts with COLA clauses | 1.8 | 2.0 | 89 |
| Contracts without COLA clauses | .4 | 1.4 | 455 |
| Manufacturing | -3.0 | -.2 | 134 |
| Contracts without COLA clauses | -3.0 | -.2 | 134 |
| Nonmanufacturing | 1.8 | 2.1 | 410 |
| Contracts with COLA clauses | 1.8 | 2.0 | 89 |
| Contracts without COLA clauses | 1.8 | 2.1 | 321 |
| Construction4/ | 2.6 | 2.7 | 166 |
| All industries excluding construction4/ | -.3 | 1.0 | 378 |
| Nonmanufacturing excluding construction4/ | 1.2 | 1.6 | 244 |

1/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date. Includes increases, decreases, and freezes.

2/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract. Includes increases, decreases, and freezes.

3/ Less than 0.05 percent.

4/ Data by COLA coverage do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments in collective bargaining settlements covering 1,000 workers more, first six months of 1986.

| Rate of adjustment[1] | Percent of workers affected | | |
|---|---|---|---|
| | All industries | Manufacturing | Nonmanufacturing |
| All settlements | 100 | 100 | 100 |
| No wage change | 31 | 38 | 29 |
| Decreases[2] | 10 | 26 | 5 |
| Increases | 59 | 37 | 67 |
| Under 2 percent | 12 | 7 | 14 |
| 2 and under 4 percent | 24 | 22 | 25 |
| 4 and under 6 percent | 20 | 7 | 25 |
| 6 percent and over | 3 | (3) | 4 |
| Total number of workers (in thousands) | 972 | 265 | 707 |
| Mean adjustment (percent) | 1.2 | -1.0 | 2.0 |
| Median adjustment (percent) | 1.8 | .0 | 2.3 |
| Mean increase (percent) | 3.4 | 2.5 | 3.6 |
| Median increase (percent) | 3.1 | 2.0 | 3.5 |
| Mean decrease (percent) | -7.8 | -7.7 | -7.9 |
| Median decrease (percent) | -8.1 | -8.1 | -7.9 |

[1] See note 1, table 1.
[2] Distributions are not shown to protect confidentiality.
[3] Less than 0.5 percent.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

able 3. Annual rate of wage adjustments over the life of the contract in collective bargaining ettlements covering 1,000 workers or more, first six months of 1986.

| Rate of adjustment1/ | Percent of workers affected | | |
|---|---|---|---|
| | All industries | Manu-facturing | Nonmanu-facturing |
| ll settlements | 100 | 100 | 100 |
| No wage change | 18 | 12 | 20 |
| Decreases2/ | 10 | 26 | 4 |
| Increases | 72 | 63 | 76 |
| Under 2 percent | 15 | 31 | 8 |
| 2 and under 4 percent | 38 | 27 | 42 |
| 4 and under 6 percent | 19 | 5 | 24 |
| 6 percent and over | 2 | 0 | 2 |
| otal number of workers (in thousands) | 972 | 265 | 707 |
| ean adjustment (percent) | 1.9 | .6 | 2.3 |
| edian adjustment (percent) | 2.2 | 1.0 | 2.5 |
| Mean increase (percent) | 3.0 | 2.0 | 3.3 |
| Median increase (percent) | 2.7 | 2.0 | 3.0 |
| Mean decrease (percent) | -3.0 | -2.5 | -4.4 |
| Median decrease (percent) | -2.7 | -2.5 | -3.4 |

1/ See note 2, table 1.
2/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment in collective bargaining settlements covering 5,000 workers or more, first six months of 1986.

| Rate of adjustment1/ | Percent of workers affected |
|---|---|
| First year adjustments2/ | |
| All settlements | 100 |
| No change | 20 |
| Decreases3/ | 21 |
| Increases | 59 |
| Under 2 percent | 25 |
| 2 and under 4 percent | 21 |
| 4 and under 6 percent | 11 |
| 6 percent and over | 2 |
| Total number of workers (in thousands) | 544 |
| Mean adjustment (percent) | .6 |
| Median adjustment (percent) | 1.6 |
| Mean increase (percent) | 3.0 |
| Median increase (percent) | 2.9 |
| Mean decrease (percent) | -5.8 |
| Median decrease (percent) | -7.6 |
| Adjustments averaged over life of contract4/ | |
| All settlements | 100 |
| No change | 7 |
| Decreases3/ | 18 |
| Increases | 74 |
| Under 2 percent | 17 |
| 2 and under 4 percent | 45 |
| 4 and under 6 percent | 12 |
| 6 percent and over | 0 |
| Total number of workers (in thousands) | 544 |
| Mean adjustment (percent) | 1.5 |
| Median adjustment (percent) | 2.0 |
| Mean increase (percent) | 2.5 |
| Median increase (percent) | 2.3 |
| Mean decrease (percent) | -2.0 |
| Median decrease (percent) | -2.3 |

---

1/ Percent of estimated average hourly compensation.
2/ See note 1, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 2, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, first six months of 1986.

| Rate of adjustment[1] | First year adjustments[2] (percent of workers affected) | |
|---|---|---|
| | Compensation | Wages alone |
| All settlements | 100 | 100 |
| No change | 22 | 30 |
| Decreases[3] | 2 | 1 |
| Increases | 76 | 68 |
| Under 2 percent | 11 | 5 |
| 2 and under 4 percent | 40 | 33 |
| 4 and under 6 percent | 19 | 27 |
| 6 percent and over | 5 | 4 |
| Total number of workers (in thousands) | 348 | 348 |
| Mean adjustment (percent) | 2.6 | 2.5 |
| Median adjustment (percent) | 2.7 | 2.7 |
| Mean increase (percent) | 3.6 | 3.9 |
| Median increase (percent) | 3.3 | 3.7 |
| Mean decrease (percent) | -5.8 | -11.0 |
| Median decrease (percent) | -1.7 | -14.0 |
| | Adjustments averaged over life of contract[4] (percent of workers affected) | |
| | Compensation | Wages alone |
| All settlements | 100 | 100 |
| No change | 12 | 17 |
| Decreases[3] | 1 | 1 |
| Increases | 87 | 82 |
| Under 2 percent | 16 | 11 |
| 2 and under 4 percent | 51 | 42 |
| 4 and under 6 percent | 19 | 26 |
| 6 percent and over | 1 | 2 |
| Total number of workers (in thousands) | 348 | 348 |
| Mean adjustment (percent) | 2.6 | 2.7 |
| Median adjustment (percent) | 2.6 | 2.9 |
| Mean increase (percent) | 3.1 | 3.5 |
| Median increase (percent) | 2.9 | 3.1 |
| Mean decrease (percent) | [5] | -14.0 |
| Median decrease (percent) | [5] | -14.0 |

---

[1] Percent of estimated average hourly compensation (wages and benefits) and percent of estimated average hourly earnings, excluding overtime (wages alone).

[2] See note 1, table 1.

[3] Distributions are not shown to protect confidentiality.

[4] See note 2, table 1.

[5] Data do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more by duration of contract, first six months of 1986.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 261 | 23 | 20 | 35 | 48 | 87 | 48 |
| Number of workers (in thousands) | 972 | 81 | 45 | 126 | 207 | 283 | 230 |
| Average duration (months) | 30.5 | 12.0 | 16.2 | 24.0 | 29.6 | 36.0 | 37.3 |
| Percent adjustment in: | | | | | | | |
| First contract year | 1.2 | (1) | 2.4 | 3.2 | 1.4 | 2.3 | -1.3 |
| Second contract year2/ | 2.4 | - | .4 | 4.1 | 2.2 | 2.4 | 1.9 |
| Third contract year3/ | 1.8 | - | - | - | 1.1 | 2.3 | 1.9 |
| Average annual percent adjustment over life of contract | 1.9 | (1) | 2.1 | 3.6 | 1.9 | 2.4 | .8 |

1/ Less than 0.05 percent.
2/ Average is based only on settlements with a duration greater than 12 months.
3/ Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments for collective bargaining settlements reached second quarter 1985 - second quarter 1986.
(in percent)

| Measure | 1985 | | | | 1986 | |
|---|---|---|---|---|---|---|
| | II | III | IV | Full year | I1/ | II2/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year3/ | | | | | | |
| All industries.................. | 2.5 | 2.0 | 2.1 | 2.3 | 1.0 | 1.3 |
| Contracts with COLA clauses... | 1.5 | .5 | 3.1 | 1.6 | 2.1 | 1.7 |
| Contracts without COLA clauses | 2.8 | 2.9 | 1.3 | 2.7 | .8 | 1.2 |
| Manufacturing.................. | 1.6 | .5 | .9 | .8 | .9 | -2.3 |
| Contracts with COLA clauses... | 1.1 | .1 | 1.8 | .8 | 1.4 | 1.4 |
| Contracts without COLA clauses | 2.2 | 1.1 | .1 | .9 | .7 | -3.1 |
| Nonmanufacturing............... | 2.8 | 3.6 | 3.4 | 3.3 | 1.0 | 2.5 |
| Contracts with COLA clauses... | 2.1 | 3.1 | 4.6 | 3.6 | 3.5 | 1.8 |
| Contracts without COLA clauses | 2.9 | 3.7 | 2.5 | 3.3 | .8 | 2.7 |
| Construction................... | 1.5 | 2.1 | .6 | 1.5 | 1.8 | 2.8 |
| All industries excluding construction.................. | 2.9 | 2.0 | 2.1 | 2.5 | .7 | .3 |
| Nonmanufacturing excluding construction................. | 3.5 | 4.1 | 3.5 | 3.9 | .5 | 2.2 |
| Annual average over life of contract4/ | | | | | | |
| All industries.................. | 2.8 | 3.1 | 1.9 | 2.7 | 1.6 | 2.0 |
| Contracts with COLA clauses... | 2.4 | 2.6 | 2.7 | 2.5 | 2.2 | 1.9 |
| Contracts without COLA clauses | 2.9 | 3.3 | 1.3 | 2.8 | 1.5 | 2.0 |
| Manufacturing.................. | 2.3 | 2.3 | .9 | 1.8 | 1.5 | .1 |
| Contracts with COLA clauses... | 2.1 | 2.4 | 1.6 | 2.1 | 1.5 | 1.4 |
| Contracts without COLA clauses | 2.7 | 2.1 | .4 | 1.6 | 1.5 | -.2 |
| Nonmanufacturing............... | 3.0 | 3.9 | 2.9 | 3.3 | 1.7 | 2.6 |
| Contracts with COLA clauses... | 2.9 | 4.2 | 4.0 | 3.6 | 3.7 | 2.1 |
| Contracts without COLA clauses | 3.0 | 3.9 | 2.2 | 3.3 | 1.6 | 2.7 |
| Construction................... | 2.2 | 2.3 | .6 | 2.1 | 2.5 | 2.8 |
| All industries excluding construction.................. | 3.1 | 3.2 | 1.9 | 2.9 | 1.3 | 1.4 |
| Nonmanufacturing excluding construction................. | 3.4 | 4.4 | 3.0 | 3.7 | 1.2 | 2.3 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year3/ | | | | | | |
| All industries.................. | 3.5 | 2.0 | 2.0 | 2.6 | .4 | .7 |
| Contracts with COLA clauses... | 2.8 | .8 | 2.5 | 2.0 | 3.9 | 1.6 |
| Contracts without COLA clauses | 3.7 | 2.7 | 1.5 | 3.0 | .3 | .4 |
| Annual average over life of contract4/ | | | | | | |
| All industries.................. | 3.4 | 3.0 | 1.4 | 2.7 | 1.3 | 1.6 |
| Contracts with COLA clauses... | 3.0 | 2.7 | 2.0 | 2.5 | 3.5 | 1.9 |
| Contracts without COLA clauses | 3.5 | 3.3 | .7 | 2.9 | 1.2 | 1.5 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 1, table 1.
4/ See note 2, table 1.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, second quarter 1985 - second quarter 1986.
(in percent)

| Characteristic | 1985 | | | | 1986 | |
|---|---|---|---|---|---|---|
| | II | III | IV | Full Year | I1/ | II2/ |
| Total effective adjustments (prorated over all workers)3/ | 0.8 | 1.2 | 0.5 | 3.3 | 0.6 | 0.7 |
| Source: | | | | | | |
| Current settlements | .2 | .2 | .1 | .7 | 4/ | .2 |
| Prior agreements | .5 | .5 | .2 | 1.8 | .4 | .6 |
| COLA provisions | .1 | .4 | .1 | .7 | .2 | 5/ |
| Industry | | | | | | |
| Manufacturing | .6 | .8 | .5 | 2.8 | .8 | .3 |
| Nonmanufacturing | 1.0 | 1.4 | .4 | 3.6 | .4 | 1.0 |
| Nonmanufacturing excluding construction | .7 | 1.6 | .5 | 3.7 | .5 | .8 |
| Construction | 1.8 | .9 | .1 | 3.0 | .2 | 1.6 |
| Transportation and public utilities | .6 | 2.0 | .3 | 3.6 | .2 | .9 |
| Wholesale and retail trade | .8 | .8 | .7 | 3.3 | .9 | .6 |
| Services | .9 | 1.8 | .7 | 5.1 | 1.1 | .4 |
| Effective wage change for workers receiving changes | 2.5 | 2.9 | 1.5 | 4.1 | 1.9 | 1.8 |
| Source: | | | | | | |
| Current settlements | 3.1 | 3.0 | 2.6 | 3.4 | .9 | 2.3 |
| Prior agreements | 3.9 | 2.6 | 3.0 | 3.7 | 3.0 | 3.4 |
| COLA provisions | .9 | 1.8 | .5 | 2.2 | .8 | -.3 |
| Total number of workers receiving wage change (in thousands) | 2,386.5 | 2,808.0 | 2,118.5 | 5,600.2 | 2,151.2 | 2,731.7 |
| Source: | | | | | | |
| Current settlements | 540.8 | 459.9 | 374.9 | 1,434.2 | 98.9 | 534.9 |
| Prior agreements | 858.0 | 1,434.8 | 522.4 | 3,415.0 | 927.5 | 1,158.3 |
| COLA provisions | 1,025.5 | 1,737.7 | 1,299.0 | 2,317.2 | 1,382.7 | 1,127.1 |
| Number of workers not receiving a wage change (in thousands) | 4,567.1 | 4,145.6 | 4,835.1 | 1,353.4 | 4,739.4 | 4,158.9 |

1/ Preliminary revised.
2/ Preliminary.
3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses.
4/ Between 0 and 0.05 percent.
5/ Between 0 and -0.05 percent.
NOTE: Because of rounding and compounding, sums of individual items may not equal totals.

Table 9. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1984 | | | 1985 | | | | 1986 | |
| | II | III | IV | I | II | III | IV | I1/ | II2/ |
| Wage-rate adjustments in- | | | | | | | | | |
| All industries | | | | | | | | | |
| First year3/ | 3.5 | 3.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.3 | 2.0 | 1.7 |
| Contracts with COLA clauses | 4.6 | 4.5 | 2.9 | 2.5 | 2.3 | 1.9 | 1.6 | 1.6 | 1.6 |
| Contracts without COLA clauses | 2.7 | 2.3 | 2.1 | 2.4 | 2.4 | 2.7 | 2.7 | 2.2 | 1.7 |
| Over life of contract4/ | 3.1 | 2.8 | 2.4 | 2.3 | 2.4 | 2.5 | 2.7 | 2.5 | 2.3 |
| Contracts with COLA clauses | 2.9 | 2.8 | 1.8 | 1.3 | 1.5 | 1.8 | 2.5 | 2.5 | 2.5 |
| Contracts without COLA clauses | 3.2 | 2.8 | 2.7 | 2.8 | 2.8 | 3.0 | 2.8 | 2.5 | 2.2 |
| Manufacturing | | | | | | | | | |
| First year3/ | 3.0 | 2.6 | 2.3 | 2.1 | 2.0 | 1.5 | .8 | .9 | .1 |
| Contracts with COLA clauses | 3.2 | 1.5 | 2.1 | 2.0 | 1.9 | 1.5 | .8 | .8 | .7 |
| Contracts without COLA clauses | 2.8 | 3.7 | 2.9 | 2.5 | 2.2 | 1.5 | .9 | .9 | -.4 |
| Over life of contract4/ | 3.1 | 2.8 | 1.5 | 1.4 | 1.5 | 1.6 | 1.8 | 1.8 | 1.4 |
| Contracts with COLA clauses | 2.8 | 1.8 | 1.0 | .9 | 1.0 | 1.4 | 2.1 | 2.1 | 2.0 |
| Contracts without COLA clauses | 3.6 | 3.8 | 3.3 | 3.2 | 3.0 | 2.4 | 1.6 | 1.5 | .9 |
| Nonmanufacturing | | | | | | | | | |
| First year3/ | 3.7 | 3.3 | 2.5 | 2.6 | 2.7 | 3.2 | 3.3 | 2.8 | 2.7 |
| Contracts with COLA clauses | 5.2 | 5.4 | 5.5 | 5.1 | 4.3 | 4.0 | 3.6 | 3.5 | 3.2 |
| Contracts without COLA clauses | 2.6 | 2.1 | 2.0 | 2.4 | 2.5 | 3.0 | 3.3 | 2.7 | 2.6 |
| Over life of contract4/ | 3.0 | 2.8 | 2.9 | 2.8 | 2.9 | 3.3 | 3.3 | 3.0 | 2.9 |
| Contracts with COLA clauses | 3.0 | 3.1 | 4.8 | 4.0 | 3.8 | 3.9 | 3.6 | 3.6 | 3.3 |
| Contracts without COLA clauses | 3.0 | 2.6 | 2.6 | 2.7 | 2.8 | 3.2 | 3.3 | 2.9 | 2.8 |
| Construction | | | | | | | | | |
| First year3/ | .8 | .9 | .5 | .9 | 1.1 | 1.0 | 1.5 | 1.7 | 2.4 |
| Contracts with COLA clauses | -.4 | 4.0 | 4.0 | 4.6 | 9.2 | 5/ | 5/ | 5/ | .7 |
| Contracts without COLA clauses | .9 | .9 | .4 | .8 | 1.0 | 5/ | 5/ | 5/ | 2.5 |
| Over life of contract4/ | 1.7 | 1.4 | 1.0 | 1.4 | 1.7 | 1.7 | 2.1 | 2.2 | 2.6 |
| Contracts with COLA clauses | .0 | 1.4 | 1.4 | 1.7 | 4.6 | 5/ | 5/ | 5/ | 1.1 |
| Contracts without COLA clauses | 1.8 | 1.4 | 1.0 | 1.4 | 1.7 | 5/ | 5/ | 5/ | 2.6 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 1, table 1
4/ See note 2, table 1.
5/ Data for averages do not meet publication standards.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1984 | | | 1985 | | | | 1986 | |
| | II | III | IV | I | II | III | IV | I1/ | II2/ |
| Total effective adjustments (prorated over all workers)3/.... | 4.3 | 4.2 | 3.7 | 3.6 | 3.5 | 3.5 | 3.3 | 3.1 | 2.9 |
| Source: | | | | | | | | | |
| From current settlements....... | 1.0 | 1.0 | .8 | .7 | .9 | .9 | .7 | .6 | .5 |
| From prior agreements.......... | 2.2 | 2.1 | 2.0 | 2.2 | 1.9 | 1.8 | 1.8 | 1.7 | 1.8 |
| From COLA...................... | 1.1 | 1.2 | .9 | .7 | .7 | .8 | .7 | .8 | .7 |
| Effective wage change for workers receiving change................. | 5.3 | 5.0 | 4.4 | 4.5 | 4.2 | 4.3 | 4.1 | 4.0 | 3.8 |
| Source: | | | | | | | | | |
| From current settlements....... | 3.6 | 3.7 | 3.0 | 2.9 | 2.9 | 2.8 | 3.4 | 2.9 | 2.5 |
| From prior agreements.......... | 4.9 | 4.2 | 4.0 | 4.2 | 3.9 | 3.7 | 3.7 | 3.5 | 3.4 |
| From COLA...................... | 4.0 | 3.2 | 2.7 | 2.3 | 2.3 | 2.8 | 2.2 | 2.5 | 2.1 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8. Because of rounding, may not equal sum of parts.

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Monday, October 27, 1986

# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 9 MONTHS 1986

Major collective bargaining settlements in private industry in the first 9 months of 1986 provided wage adjustments averaging 1.3 percent in the first contract year and 1.9 percent annually over the life of the contract, the U. S. Department of Labor's Bureau of Labor Statistics reported today. The last time the same parties bargained (usually 2 to 3 years ago), average wage adjustments were 3.2 percent in the first contract year and 2.9 percent annually over the contract life.

The Bureau's major collective bargaining agreements series for private industry covers 6.5 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first 9 months of 1986, this release includes information on wage changes effective in this period that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLA's).

## Settlements in first 9 months of 1986

Average settlements in the construction and communications industries, each covering about one-fourth of the 1,848,000 workers under settlements in the first 9 months of 1986, were higher than overall averages. Construction settlements had average wage adjustments of 2.5 percent in the first year and 2.7 percent over the life of the contract. Corresponding averages in the communications industry were 2.0 percent and 2.1 percent.

Average settlements in manufacturing, which covered another one-fourth of the workers, in contrast, were lower than the average for all industries in the first 9 months of 1986. Manufacturing adjustments averaged -0.6 percent in the first contract year and 0.8 percent annually over the life of the contract. These low averages in manufacturing were primarily the result of settlements in primary metal industries (steel, aluminum, and copper), which provided average wage adjustments of -5.5 percent in the first year and -1.6 percent over the term of the agreements. In the steel industry, some of the negotiated decreases were partly offset by lump-sum payments. (Lump-sums are excluded from wage and compensation measures in this series.)

More than one-third (684,000) of the workers under settlements in the first 9 months will receive lump-sum payments. Settlements with lump-sum payments had average wage adjustments of 0.8 percent in the first contract year and 1.4 percent annually over the contract life, lower than the corresponding averages for settlements without lump sums -- 1.6 and 2.2 percent. In addition to those in steel, lump-sum payments were negotiated in communications, railroads, food stores, petroleum refining, and other industries.

Forty-six percent (858,000) of the workers under settlements reached in the first 9 months were covered by "back-loaded" contracts -- that is, specified wage adjustments were lower in the first contract year than in subsequent years. Back-loaded contracts had average wage adjustments of -0.1 percent in the first contract year and 1.6 percent annually over the contract term. Back-loaded settlements occurred in a variety of industries, including construction, communications, steel, railroads, petroleum refining, and electrical and electronic equipment. Thirty-two percent (597,000) of the workers were covered by front-loaded settlements that averaged 3.6 percent in the first contract year and 2.9 percent annually over the contract life. The remaining workers were under agreements of 12-month duration or that provided equal wage adjustments each year.

Of the 1,848,000 workers under contract settlements in the first 9 months, 1,262,000 had wage increases (averaging 3.0 percent) in the first contract year, 433,000 had no wage change, and 153,000 had wage decreases (averaging -8.2 percent). Subsequent wage increases for 175,000 workers who had no change and 4,000 who had wage decreases in the first contract year will result in a net wage gain over the contract term for 1,441,000 workers.

Contracts for 71 percent (1,317,000 workers) of those under first 9 months of 1986 settlements do not have cost-of-living adjustment (COLA) clauses. These agreements specified average wage adjustments of 1.1 percent in the first year of the contract and 1.9 percent annually over the contract life. Settlements with COLA clauses, covering 531,000 workers, provided adjustments of 1.9 percent both in the first contract year and annually over the life of the contract. Wage adjustments triggered by COLA's depend on future changes in the Consumer Price Index (CPI) and are excluded from these measures. (See Explanatory Note.)

About 20 percent of the workers (372,000) under settlements in the first 9 months of 1986 had their COLA clauses dropped or suspended. These included nearly 200,000 communication workers and 91,000 steel workers whose 1986 contracts do not provide any wage adjustments triggered by future changes in the CPI. COLA clauses, however, were established in settlements covering 24,000 workers. The changes contributed to lowering the proportion of workers under major agreements with COLA clauses from 49 percent at the end of 1985 to 40 percent at the end of the third quarter of 1986.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. In the first 9 months of 1986, compensation adjustments under these settlements averaged 1.2 percent in the first contract year and 1.7 percent annually over the life of the contract. (See table 1.)

### Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in the first 9 months of 1986, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Effective wage adjustments in the first 9 months of 1986 averaged (in percent):

| | For workers receiving wage change(s) | For all workers (prorated) |
|---|---|---|
| All adjustments | 2.7 | 2.0 |
| New settlements | 1.7 | 0.3 |
| Deferred adjustments | 3.7 | 1.5 |
| COLA | 0.6 | 0.1 |

Wage changes (increases and decreases) put into effect in the first 9 months of 1986 averaged 2.7 percent for the 4.8 million workers who received them. When prorated over all 6.5 million workers covered by major agreements, wage adjustments averaged 2.0 percent.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes, the timing of COLA reviews, and possible limitations on the amount of COLA change. Of the approximately 2.0 million workers that had COLA reviews in the first 9 months of 1986, about 1.3 million had COLA-triggered net wage increases averaging 0.6 percent; of these, however, 954,000 had at least one COLA wage decrease during the first 9 months. An additional 33,000 workers had net COLA decreases during the period. Wage adjustments stemming from COLA reviews in the first 9 months of 1986 averaged 46 percent of the change in the CPI during the COLA review period.

### Fourth-quarter 1986 bargaining activity

There are 660,000 workers under 118 contracts that had expired or been reopened prior to October 1, 1986, but had not been renegotiated or ratified. This included 142,000 workers in railroad transportation, 138,000 workers in the steel industry, and 60,000 workers each in the construction and health service industries. In addition, 376,000 workers are under 93 major agreements scheduled to

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expire or reopen for wage negotiations during October-December 1986. These agreements are in a variety of industries, including aerospace and food stores.

About 417,000 million workers are scheduled to receive deferred wage changes (increases and decreases) averaging 2.6 percent during the fourth quarter of 1986. These changes will be made under provisions of existing agreements negotiated earlier. About 1,120,000 workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industry. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlement data

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, performance bonuses, and attendance bonuses) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration date or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective wage adjustment data

Effective wage adjustments (both increases and decreases) are calculated by dividing wage changes implemented in a period by the average hourly earnings at the beginning of the period.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

## The tables

Table 1 summarizes data on settlements concluded in the first 9 months of 1986. Measures are expressed as average "adjustments" to include settlements in which wages or compensation are increased, decreased, or unchanged.

Tables 2 through 5 show the distribution of workers by the wage and compensation change in individual settlements. Means and medians are computed by weighting the changes by the number of workers affected.

Table 6 provides average wage adjustments for settlements by contract duration.

Tables 7 and 8 provide quarterly data from the third quarter of 1985 through the third quarter of 1986. Table 7 shows average wage and compensation adjustments for settlements; table 8 provides effective wage adjustment data.

Tables 9 and 10 provide data for 4-quarter periods through the third quarter of 1986. Table 9 provides average wage adjustments for settlements; table 10 shows effective wage adjustment data.

Data for 1986 are preliminary and may be revised if additional information is obtained. Final data will be available in March 1987.

Additional historical information is available from the Office of Wages and Industrial Relations, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and issued semi-annually. Information for the first 6 months of 1986 was released in August; information for all of 1986 will be released in February 1987.

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Major private industry collective bargaining settlements data for 1986 will be released on Tuesday, January 27, 1987, at 10:00 A.M. (EST).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments in collective bargaining settlements, first nine months of 1986.
(in percent)

| Measure | First-year adjustments1/ | Annual adjustment over life of contracts2/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 1.3 | 1.9 | 1,848 |
| Contracts with COLA clauses | 1.9 | 1.9 | 531 |
| Contracts without COLA clauses | 1.1 | 1.9 | 1,317 |
| Manufacturing | -.6 | .8 | 432 |
| Contracts with COLA clauses | .6 | 1.0 | 138 |
| Contracts without COLA clauses | -1.2 | .7 | 295 |
| Nonmanufacturing | 1.9 | 2.2 | 1,416 |
| Contracts with COLA clauses | 2.3 | 2.2 | 393 |
| Contracts without COLA clauses | 1.8 | 2.3 | 1,022 |
| Construction | 2.5 | 2.7 | 466 |
| Contracts with COLA clauses | 1.4 | 1.8 | 22 |
| Contracts without COLA clauses | 2.5 | 2.7 | 444 |
| All industries excluding construction | 1.0 | 1.6 | 1,382 |
| Contracts with COLA clauses | 1.9 | 1.9 | 509 |
| Contracts without COLA clauses | .4 | 1.5 | 873 |
| Nonmanufacturing excluding construction | 1.7 | 2.0 | 950 |
| Contracts with COLA clauses | 2.3 | 2.2 | 372 |
| Contracts without COLA clauses | 1.3 | 1.9 | 578 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 1.2 | 1.7 | 1,141 |
| Contracts with COLA clauses | 1.8 | 1.8 | 383 |
| Contracts without COLA clauses | .9 | 1.7 | 758 |
| Manufacturing | -1.8 | .1 | 211 |
| Contracts with COLA clauses | -.4 | .1 | 44 |
| Contracts without COLA clauses | -2.2 | (3) | 167 |
| Nonmanufacturing | 1.9 | 2.1 | 930 |
| Contracts with COLA clauses | 2.1 | 2.0 | 339 |
| Contracts without COLA clauses | 1.8 | 2.1 | 591 |
| Construction4/ | 2.4 | 2.6 | 205 |
| All industries excluding construction4/ | 1.0 | 1.5 | 936 |
| Nonmanufacturing excluding construction4/ | 1.8 | 1.9 | 725 |

1/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date. Includes increases, decreases, and freezes.

2/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract. Includes increases, decreases, and freezes.

3/ Between zero and 0.05 percent.

4/ Data by COLA coverage do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments in collective bargaining settlements covering 1,000 workers or more, first nine months of 1986.

| Rate of adjustment1/ | Percent of workers affected | | |
|---|---|---|---|
| | All industries | Manu-facturing | Nonmanu-facturing |
| All settlements | 100 | 100 | 100 |
| No wage change | 23 | 42 | 18 |
| Decreases2/ | 8 | 24 | 4 |
| Increases | 68 | 34 | 79 |
| Under 2 percent | 24 | 7 | 30 |
| 2 and under 4 percent | 26 | 17 | 29 |
| 4 and under 6 percent | 13 | 8 | 15 |
| 6 percent and over | 5 | 4 | 6 |
| Total number of workers (in thousands) | 1,848 | 432 | 1,416 |
| Mean adjustment (percent) | 1.3 | -.6 | 1.9 |
| Median adjustment (percent) | 1.9 | .0 | 1.9 |
| Mean increase (percent) | 3.0 | 3.0 | 3.0 |
| Median increase (percent) | 2.1 | 3.0 | 2.0 |
| Mean decrease (percent) | -8.2 | -7.0 | -10.6 |
| Median decrease (percent) | -8.1 | -8.1 | -7.9 |

1/ See note 1, table 1.
2/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments over the life of the contract in collective bargaining settlements covering 1,000 workers or more, first nine months of 1986.

| Rate of adjustment1/ | Percent of workers affected | | |
|---|---|---|---|
| | All industries | Manu-facturing | Nonmanu-facturing |
| All settlements | 100 | 100 | 100 |
| No wage change | 14 | 21 | 12 |
| Decreases2/ | 8 | 24 | 3 |
| Increases | 78 | 56 | 85 |
| Under 2 percent | 22 | 25 | 21 |
| 2 and under 4 percent | 41 | 25 | 45 |
| 4 and under 6 percent | 14 | 4 | 17 |
| 6 percent and over | 2 | 2 | 2 |
| Total number of workers (in thousands) | 1,848 | 432 | 1,416 |
| Mean adjustment (percent) | 1.9 | .8 | 2.2 |
| Median adjustment (percent) | 2.2 | 1.0 | 2.3 |
| Mean increase (percent) | 2.8 | 2.3 | 2.8 |
| Median increase (percent) | 2.6 | 2.0 | 2.6 |
| Mean decrease (percent) | -3.2 | -2.3 | -5.1 |
| Median decrease (percent) | -2.5 | -2.5 | -5.3 |

1/ See note 2, table 1.
2/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment in collective bargaining settlements covering 5,000 workers or more, first nine months of 1986.

| Rate of adjustment1/ | Percent of workers affected |
|---|---|
| First year adjustments2/ | |
| All settlements | 100 |
| No change | 10 |
| Decreases3/ | 13 |
| Increases | 77 |
| Under 2 percent | 37 |
| 2 and under 4 percent | 30 |
| 4 and under 6 percent | 7 |
| 6 percent and over | 2 |
| Total number of workers (in thousands) | 1,141 |
| Mean adjustment (percent) | 1.2 |
| Median adjustment (percent) | 1.9 |
| Mean increase (percent) | 2.5 |
| Median increase (percent) | 2.1 |
| Mean decrease (percent) | -5.3 |
| Median decrease (percent) | -4.2 |
| Adjustments averaged over life of contract4/ | |
| All settlements | 100 |
| No change | 6 |
| Decreases3/ | 12 |
| Increases | 82 |
| Under 2 percent | 20 |
| 2 and under 4 percent | 56 |
| 4 and under 6 percent | 7 |
| 6 percent and over | 0 |
| Total number of workers (in thousands) | 1,141 |
| Mean adjustment (percent) | 1.7 |
| Median adjustment (percent) | 2.2 |
| Mean increase (percent) | 2.3 |
| Median increase (percent) | 2.3 |
| Mean decrease (percent) | -1.8 |
| Median decrease (percent) | -2.3 |

1/ Percent of estimated average hourly compensation.
2/ See note 1, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 2, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, first nine months of 1986.

| Rate of adjustment1/ | First year adjustments2/ (percent of workers affected) | |
|---|---|---|
| | Compensation | Wages alone |
| All settlements | 100 | 100 |
| No change | 18 | 29 |
| Decreases3/ | 3 | 1 |
| Increases | 79 | 70 |
| Under 2 percent | 20 | 13 |
| 2 and under 4 percent | 38 | 28 |
| 4 and under 6 percent | 16 | 22 |
| 6 percent and over | 5 | 7 |
| Total number of workers (in thousands) | 466 | 466 |
| Mean adjustment (percent) | 2.4 | 2.5 |
| Median adjustment (percent) | 2.6 | 2.4 |
| Mean increase (percent) | 3.2 | 3.7 |
| Median increase (percent) | 2.9 | 3.4 |
| Mean decrease (percent) | -3.3 | -8.0 |
| Median decrease (percent) | -1.7 | -14.0 |

| | Adjustments averaged over life of contract4/ (percent of workers affected) | |
|---|---|---|
| | Compensation | Wages alone |
| All settlements | 100 | 100 |
| No change | 9 | 17 |
| Decreases3/ | 1 | 1 |
| Increases | 90 | 82 |
| Under 2 percent | 22 | 17 |
| 2 and under 4 percent | 50 | 38 |
| 4 and under 6 percent | 16 | 25 |
| 6 percent and over | 1 | 3 |
| Total number of workers (in thousands) | 466 | 466 |
| Mean adjustment (percent) | 2.5 | 2.7 |
| Median adjustment (percent) | 2.5 | 2.9 |
| Mean increase (percent) | 2.9 | 3.4 |
| Median increase (percent) | 2.7 | 3.1 |
| Mean decrease (percent) | 5/ | -9.4 |
| Median decrease (percent) | 5/ | -14.0 |

---

1/ Percent of estimated average hourly compensation (wages and benefits) and percent of estimated average hourly earnings, excluding overtime (wages alone).
2/ See note 1, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 2, table 1.
5/ Data do not meet publication standards.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more by duration of contract, first nine months of 1986.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements.................. | 434 | 42 | 28 | 46 | 79 | 138 | 101 |
| Number of workers (in thousands)........ | 1,848 | 117 | 63 | 152 | 491 | 432 | 592 |
| Average duration (months).............. | 31.9 | 11.5 | 16.0 | 24.0 | 31.3 | 36.0 | 37.1 |
| Percent adjustment in: | | | | | | | |
| First contract year.............. | 1.3 | .7 | 1.8 | 3.4 | 1.5 | 1.7 | .5 |
| Second contract year1/........... | 2.3 | - | .4 | 4.1 | 2.3 | 2.4 | 1.8 |
| Third contract year2/............ | 1.9 | - | - | - | 1.5 | 2.4 | 1.8 |
| Average annual percent adjustment over life of contract.................... | 1.9 | 1.0 | 1.4 | 3.8 | 2.0 | 2.2 | 1.4 |

1/ Average is based only on settlements with a duration more than 12 months.
2/ Average is based only on settlements with a duration more than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments for collective bargaining settlements reached third quarter 1985 - third quarter 1986.
(in percent)

| Measure | 1985 | | | 1986 | | |
|---|---|---|---|---|---|---|
| | III | IV | Full year | I[1] | II[1] | III[2] |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year[3] | | | | | | |
| All industries | 2.0 | 2.1 | 2.3 | 0.9 | 1.3 | 1.6 |
| Contracts with COLA clauses | .5 | 3.1 | 1.6 | 2.0 | 2.4 | 1.5 |
| Contracts without COLA clauses | 2.9 | 1.3 | 2.7 | .7 | 1.0 | 1.6 |
| Manufacturing | .5 | .9 | .8 | .7 | -2.1 | [4] |
| Contracts with COLA clauses | .1 | 1.8 | .8 | 1.4 | 1.2 | [5] |
| Contracts without COLA clauses | 1.1 | .1 | .9 | .5 | -2.9 | .1 |
| Nonmanufacturing | 3.6 | 3.4 | 3.3 | 1.0 | 2.4 | 1.9 |
| Contracts with COLA clauses | 3.1 | 4.6 | 3.6 | 3.5 | 2.8 | 2.0 |
| Contracts without COLA clauses | 3.7 | 2.5 | 3.3 | .8 | 2.3 | 1.8 |
| Construction | 2.1 | .6 | 1.5 | 1.8 | 2.7 | 2.3 |
| All industries excluding construction | 2.0 | 2.1 | 2.5 | .6 | .5 | 1.4 |
| Nonmanufacturing excluding construction | 4.1 | 3.5 | 3.9 | .5 | 2.1 | 1.8 |
| Annual average over life of contract[6] | | | | | | |
| All industries | 3.1 | 1.9 | 2.7 | 1.5 | 2.0 | 2.0 |
| Contracts with COLA clauses | 2.6 | 2.7 | 2.5 | 2.2 | 2.4 | 1.6 |
| Contracts without COLA clauses | 3.3 | 1.3 | 2.8 | 1.4 | 1.8 | 2.3 |
| Manufacturing | 2.3 | .9 | 1.8 | 1.3 | .2 | 1.1 |
| Contracts with COLA clauses | 2.4 | 1.6 | 2.1 | 1.5 | 1.3 | .6 |
| Contracts without COLA clauses | 2.1 | .4 | 1.6 | 1.2 | -.1 | 1.5 |
| Nonmanufacturing | 3.9 | 2.9 | 3.3 | 1.7 | 2.5 | 2.2 |
| Contracts with COLA clauses | 4.2 | 4.0 | 3.6 | 3.7 | 2.8 | 1.8 |
| Contracts without COLA clauses | 3.9 | 2.2 | 3.3 | 1.6 | 2.4 | 2.4 |
| Construction | 2.3 | .6 | 2.1 | 2.5 | 2.7 | 2.7 |
| All industries excluding construction | 3.2 | 1.9 | 2.9 | 1.2 | 1.5 | 1.9 |
| Nonmanufacturing excluding construction | 4.4 | 3.0 | 3.7 | 1.2 | 2.3 | 2.1 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year[3] | | | | | | |
| All industries | 2.0 | 2.0 | 2.6 | .4 | .7 | 1.9 |
| Contracts with COLA clauses | .8 | 2.5 | 2.0 | 3.9 | 2.1 | 1.6 |
| Contracts without COLA clauses | 2.7 | 1.5 | 3.0 | .2 | .2 | 2.2 |
| Annual average over life of contract[6] | | | | | | |
| All industries | 3.0 | 1.4 | 2.7 | 1.2 | 1.6 | 1.9 |
| Contracts with COLA clauses | 2.7 | 2.0 | 2.5 | 3.5 | 2.1 | 1.6 |
| Contracts without COLA clauses | 3.3 | .7 | 2.9 | 1.1 | 1.4 | 2.3 |

[1] Preliminary revised.
[2] Preliminary.
[3] See note 1, table 1.
[4] Between 0 and 0.05 percent.
[5] Between 0 and -0.05 percent
[6] See note 2, table 1.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, third quarter 1985 - third quarter 1986.
(in percent)

| Characteristic | 1985 | | | 1986 | | |
|---|---|---|---|---|---|---|
| | III | IV | Full Year | I1/ | II1/ | III2/ |
| Total effective adjustments (prorated over all workers)3/ | 1.2 | 0.5 | 3.3 | 0.6 | 0.7 | 0.6 |
| Source: | | | | | | |
| Current settlements | .2 | .1 | .7 | 4/ | .2 | .1 |
| Prior agreements | .5 | .2 | 1.8 | .4 | .6 | .5 |
| COLA provisions | .4 | .1 | .7 | .2 | 5/ | 4/ |
| Industry | | | | | | |
| Manufacturing | .8 | .5 | 2.8 | .8 | .3 | .3 |
| Nonmanufacturing | 1.4 | .4 | 3.6 | .4 | 1.0 | .9 |
| Nonmanufacturing excluding construction | 1.6 | .5 | 3.7 | .5 | .8 | .8 |
| Construction | .9 | .1 | 3.0 | .2 | 1.7 | .9 |
| Transportation and public utilities | 2.0 | .3 | 3.6 | .2 | 1.0 | 1.0 |
| Wholesale and retail trade | .8 | .7 | 3.3 | .9 | .6 | .7 |
| Services | 1.8 | .7 | 5.1 | 1.1 | .4 | 1.2 |
| Effective wage change for workers receiving changes | 2.9 | 1.5 | 4.1 | 1.9 | 1.8 | 1.6 |
| Source: | | | | | | |
| Current settlements | 3.0 | 2.6 | 3.4 | .7 | 2.3 | 1.3 |
| Prior agreements | 2.6 | 3.0 | 3.7 | 2.9 | 3.4 | 3.1 |
| COLA provisions | 1.8 | .5 | 2.2 | .8 | -.3 | 4/ |
| Total number of workers receiving wage change (in thousands) | 2,808.0 | 2,118.5 | 5,600.2 | 2,070.9 | 2,669.2 | 2,540.0 |
| Source: | | | | | | |
| Current settlements | 459.9 | 374.9 | 1,434.2 | 104.5 | 549.7 | 733.9 |
| Prior agreements | 1,434.8 | 522.4 | 3,415.0 | 919.9 | 1,153.2 | 1,017.8 |
| COLA provisions | 1,737.7 | 1,299.0 | 2,317.2 | 1,290.7 | 1,054.4 | 828.6 |
| Number of workers not receiving a wage change (in thousands) | 4,145.6 | 4,835.1 | 1,353.4 | 4,465.3 | 3,867.0 | 3,996.2 |

1/ Preliminary revised.
2/ Preliminary.
3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses.
4/ Between 0 and 0.05 percent.
5/ Between 0 and -0.05 percent.
NOTE: Because of rounding and compounding, sums of individual items may not equal totals.

Table 9. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1984 | | 1985 | | | | 1986 | | |
| | III | IV | I | II | III | IV | I1/ | II1/ | III2/ |
| Wage-rate adjustments in- | | | | | | | | | |
| All industries | | | | | | | | | |
| First year3/ | 3.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.3 | 2.0 | 1.6 | 1.5 |
| Contracts with COLA clauses | 4.5 | 2.9 | 2.5 | 2.3 | 1.9 | 1.6 | 1.6 | 1.8 | 2.2 |
| Contracts without COLA clauses | 2.3 | 2.1 | 2.4 | 2.4 | 2.7 | 2.7 | 2.2 | 1.5 | 1.2 |
| Over life of contract4/ | 2.8 | 2.4 | 2.3 | 2.4 | 2.5 | 2.7 | 2.5 | 2.2 | 1.9 |
| Contracts with COLA clauses | 2.8 | 1.8 | 1.3 | 1.5 | 1.8 | 2.5 | 2.5 | 2.6 | 2.1 |
| Contracts without COLA clauses | 2.8 | 2.7 | 2.8 | 2.8 | 3.0 | 2.8 | 2.5 | 2.1 | 1.8 |
| Manufacturing | | | | | | | | | |
| First year3/ | 2.6 | 2.3 | 2.1 | 2.0 | 1.5 | .8 | .8 | .1 | -.1 |
| Contracts with COLA clauses | 1.5 | 2.1 | 2.0 | 1.9 | 1.5 | .8 | .8 | .7 | 1.1 |
| Contracts without COLA clauses | 3.7 | 2.9 | 2.5 | 2.2 | 1.5 | .9 | .9 | -.4 | -.8 |
| Over life of contract4/ | 2.8 | 1.5 | 1.4 | 1.5 | 1.6 | 1.8 | 1.8 | 1.4 | .8 |
| Contracts with COLA clauses | 1.8 | 1.0 | .9 | 1.0 | 1.4 | 2.1 | 2.1 | 2.0 | 1.2 |
| Contracts without COLA clauses | 3.8 | 3.3 | 3.2 | 3.0 | 2.4 | 1.6 | 1.5 | .9 | .6 |
| Nonmanufacturing | | | | | | | | | |
| First year3/ | 3.3 | 2.5 | 2.6 | 2.7 | 3.2 | 3.3 | 2.8 | 2.6 | 2.1 |
| Contracts with COLA clauses | 5.4 | 5.5 | 5.1 | 4.3 | 4.0 | 3.6 | 3.5 | 3.5 | 2.7 |
| Contracts without COLA clauses | 2.1 | 2.0 | 2.4 | 2.5 | 3.0 | 3.3 | 2.7 | 2.4 | 1.9 |
| Over life of contract4/ | 2.8 | 2.9 | 2.8 | 2.9 | 3.3 | 3.3 | 3.0 | 2.8 | 2.3 |
| Contracts with COLA clauses | 3.1 | 4.8 | 4.0 | 3.8 | 3.9 | 3.6 | 3.6 | 3.4 | 2.5 |
| Contracts without COLA clauses | 2.6 | 2.6 | 2.7 | 2.8 | 3.2 | 3.3 | 2.9 | 2.7 | 2.2 |
| Construction | | | | | | | | | |
| First year3/ | .9 | .5 | .9 | 1.1 | 1.0 | 1.5 | 1.7 | 2.4 | 2.4 |
| Contracts with COLA clauses | 4.0 | 4.0 | 4.6 | 9.2 | 5/ | 5/ | 5/ | .9 | 1.4 |
| Contracts without COLA clauses | .9 | .4 | .8 | 1.0 | 5/ | 5/ | 5/ | 2.4 | 2.5 |
| Over life of contract4/ | 1.4 | 1.0 | 1.4 | 1.7 | 1.7 | 2.1 | 2.2 | 2.6 | 2.6 |
| Contracts with COLA clauses | 1.4 | 1.4 | 1.7 | 4.6 | 5/ | 5/ | 5/ | 1.4 | 1.8 |
| Contracts without COLA clauses | 1.4 | 1.0 | 1.4 | 1.7 | 5/ | 5/ | 5/ | 2.6 | 2.7 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 1, table 1.
4/ See note 2, table 1.
5/ Data for averages do not meet publication standards.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1984 | | 1985 | | | | 1986 | | |
| | III | IV | I | II | III | IV | I1/ | II1/ | III2/ |
| Total effective adjustments (prorated over all workers)...... | 4.2 | 3.7 | 3.6 | 3.5 | 3.5 | 3.3 | 3.1 | 2.9 | 2.3 |
| Source: | | | | | | | | | |
| From current settlements....... | 1.0 | .8 | .7 | .9 | .9 | .7 | .6 | .5 | .5 |
| From prior agreements.......... | 2.1 | 2.0 | 2.2 | 1.9 | 1.8 | 1.8 | 1.7 | 1.8 | 1.6 |
| From COLA...................... | 1.2 | .9 | .7 | .7 | .8 | .7 | .8 | .7 | .2 |
| Effective wage change for workers receiving change................ | 5.0 | 4.4 | 4.5 | 4.2 | 4.3 | 4.1 | 4.0 | 3.8 | 3.1 |
| Source: | | | | | | | | | |
| From current settlements....... | 3.7 | 3.0 | 2.9 | 2.9 | 2.8 | 3.4 | 2.9 | 2.5 | 1.7 |
| From prior agreements.......... | 4.2 | 4.0 | 4.2 | 3.9 | 3.7 | 3.7 | 3.5 | 3.4 | 3.8 |
| From COLA...................... | 3.2 | 2.7 | 2.3 | 2.3 | 2.8 | 2.2 | 2.5 | 2.0 | 1.0 |

1/ Preliminary revised.
2/ Preliminary.

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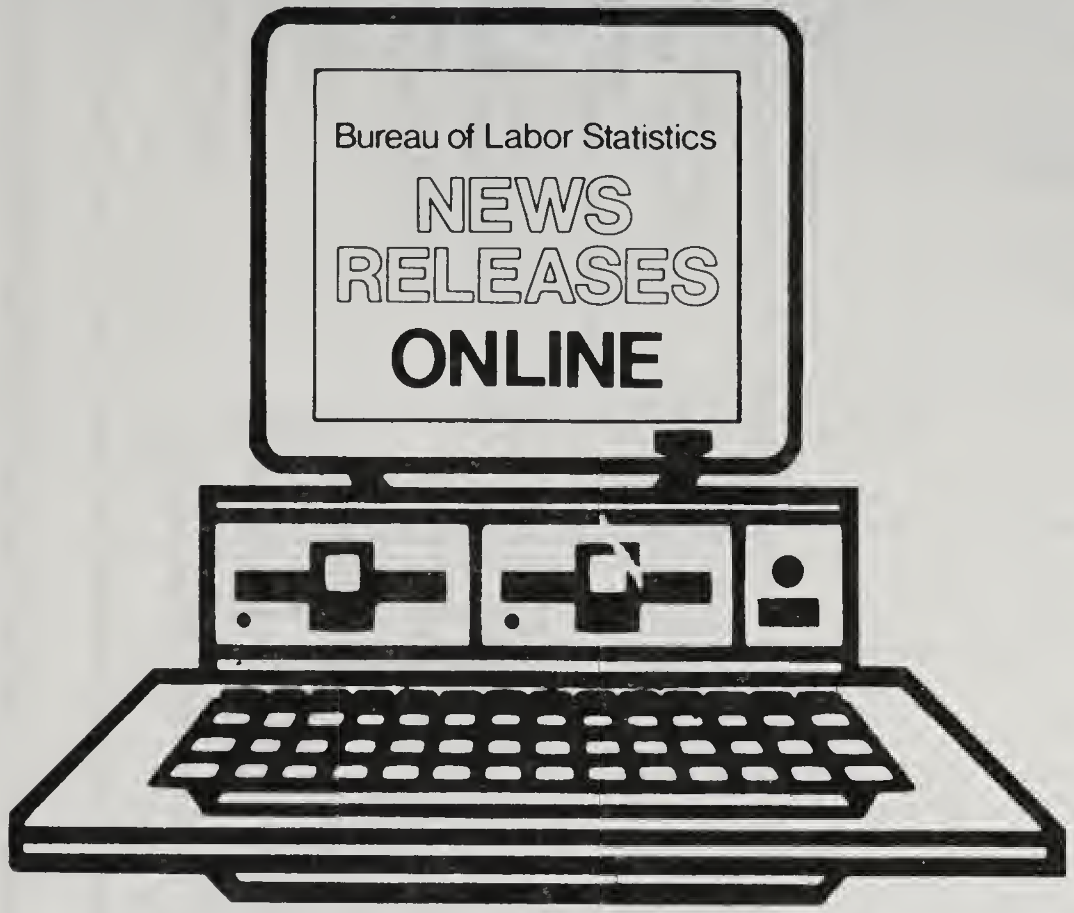

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 3 MONTHS 1987

Major collective bargaining settlements reached in private industry during the first 3 months of 1987 provided wage adjustments averaging 0.9 percent in the first contract year and 1.7 percent annually over the life of the contract, the U. S. Department of Labor's Bureau of Labor Statistics reported today. The last time parties to these settlements negotiated (usually 2 to 3 years ago), they agreed to wage adjustments that averaged -0.4 percent the first contract year and 2.0 percent annually over the contract life.

First-quarter settlements covered 230,000 workers under 58 contracts. About 352,000 additional workers, under 105 contracts that expired but had not been renegotiated by the end of March, continued to work without a new contract.

Average adjustments would have been higher had they included lump-sum payments made in contracts covering 36 percent (82,000) of the workers under first-quarter settlements. These payments, which are made instead of wage increases or to offset decreases, are excluded from this series. Lump-sum payments for 22,000 workers are linked to profits or earnings of the firm.

Settlements negotiated in the 12 months ended March 31, 1987, provided wage adjustments averaging 1.2 percent in the first year and 1.8 percent annually over their term. They covered 2,356,000 workers.

The Bureau's major collective bargaining agreements series for private industry covers 6.4 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first quarter of 1987, this release includes information on wage changes effective in the quarter that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLA's).

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## Settlements in first 3 months of 1987

Over the life of the contracts negotiated in the first quarter of 1987, 143,500 workers will receive wage increases averaging 3.3 percent annually, 52,600 workers will receive no wage change, and 33,700 will sustain wage decreases of -2.4 percent annually.

In settlements that included lump-sum provisions, wage adjustments averaged -1.6 percent in the first contract year and 0.4 percent annually over the contract term. Corresponding averages for contracts that did not include lump-sum payments were 2.3 and 2.4 percent. Lump-sum provisions were negotiated in a variety of industries, but primarily in transportation equipment.

Settlements in nonmanufacturing industries accounted for nearly two-thirds of the 230,000 workers under contracts negotiated in the first 3 months of 1987. They provided average wage adjustments of 2.6 percent in the first contract year and 2.9 percent annually over the life of the contract. These settlements were concentrated in the construction, retail food, real estate, and service industries.

In contrast, average wage adjustments for the 89,000 workers under manufacturing settlements, were -1.8 percent in the first contract year and -0.3 percent annually over the life of the contract. Settlements covering two-thirds (59,000) of these workers provided lump-sum payments. Wage-cutting contracts in the steel industry covered one-fourth of the workers under manufacturing settlements.

Thirty-eight percent (88,000) of the workers under first-quarter settlements were covered by "front-loaded" contracts, which provide their largest wage increases in the first year of the agreement. Wage adjustments under the settlements averaged 3.7 percent in the first year and 3.0 percent annually over the life. These contracts were primarily in the transportation equipment, retail food, and real estate maintenance industries.

Thirty-four percent (74,000) of the workers were covered by "back-loaded" contracts with specified wage adjustments lower in the first contract year than in subsequent years. Two-fifths of these workers received wage cuts during the first contract year. Back-loaded settlements provided wage adjustments averaging -2.2 percent in the first year and 1.0 percent annually over their term. These settlements occurred mainly in the construction, steel, and retail food industries.

Twenty-nine percent of the workers were under agreements of 12-month duration or that provided equal wage adjustments each year. Such contracts were negotiated in the transportation equipment, construction, and services industries.

Contracts for two-thirds (156,000) of the workers under first-quarter 1987 settlements have no cost-of-living adjustment (COLA) clauses. They specified average wage adjustments of 0.2 percent in the first year and 1.3 percent annually over the contract life. Averages for settlements with COLA clauses were 2.5 percent both in the first year and annually over the life of the contracts. Wage changes depending upon future price changes (usually based on the BLS Consumer Price Index) are excluded from these measures. (See Explanatory Note.)

About 15 percent (34,000) of the workers under first quarter 1987 settlements had their COLA clauses dropped or suspended. These included 22,000 workers covered by the Steelworkers-USX Corp. agreement. COLA clauses were not established in any settlements during this period. These developments contributed to lowering the proportion of workers under major agreements in private industry covered by COLA clauses from 40 percent at the end of 1986 to 38 percent at the end of March 1987.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. Settlements reached in the first 3 months of 1987 provided compensation adjustments of 1.7 percent in the first contract year and 2.4 percent annually over the life of the contract.

## Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in the first 3 months of 1987, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Effective wage adjustments in the first 3 months of 1987 averaged (in percent):

| | For workers receiving wage change(s) | For all workers |
|---|---|---|
| All adjustments ---------- | 1.3 | 0.4 |
| New settlements -------- | 1.2 | 1/ |
| Deferred adjustments --- | 2.3 | 0.3 |
| COLA ------------------- | 0.5 | 0.1 |

1/ Greater than 0 but less than 0.05 percent.

Wage changes (increases and decreases) put into effect in the first quarter of 1987 averaged 1.3 percent for the 1.8 million workers who received them. When this net wage gain was averaged over all 6.4 million workers covered by major agreements, the effective wage adjustment was 0.4 percent.

The average effective wage adjustment for all workers in the four-quarter period ended March 31, 1987, was 2.0 percent. This measure has been declining steadily since the 4 quarters ended in March 1984, due to the record, or near record, low settlements reached throughout the 1980's and declines in the size of COLAs, reflecting both moderation in the rate of price increases and a drop in the proportion of workers covered by COLA clauses.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes, the timing of COLA reviews, and possible limitations on the amount of COLA change. Of the approximately 1.5 million workers that had COLA reviews in the first 3 months of 1987, about 943,000 had COLA-triggered wage increases averaging 0.5 percent. Reviews for the remaining workers did not yield any wage changes. Wage adjustments stemming from COLA reviews in the first 3 months of 1987 averaged 44 percent of the CPI change during the COLA review period.

## Second-quarter 1987 bargaining activity

As noted earlier, there were 352,000 workers under 105 contracts that had expired or been reopened but had not been renegotiated or ratified prior to April 1, 1987. They were primarily in the steel, airline, and railroad transportation industries. In addition, 584,000 workers are under 209 major agreements scheduled to expire or reopen for wage negotiations during April-June 1987. These agreements are concentrated in the construction, shipbuilding, and retail food industries.

About 1.4 million workers are scheduled to receive deferred wage changes (increases and decreases) averaging 3.1 percent during the second quarter of 1987. These changes will be made under provisions of agreements negotiated earlier. About 1.2 million workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industry. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlement data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease or not change wages and benefits.

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, performance bonuses, and attendance bonuses) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration date or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

### Effective wage adjustment data

The effective wage adjustment measure includes increases, decreases and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached in a prior period and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for the first 3 months of 1987 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1988.

Additional historical information is available from the Office of Wages and Industrial Relations, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and issued semi-annually. Information for 1986 was released in February; information for the first 6 months of 1987 will be released in August 1987.

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Major private industry collective bargaining settlements data for the second quarter of 1987 will be released on Tuesday, July 28, 1987, at 10:00 A.M. (EDT).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments in collective bargaining settlements, first three months of 1987.
(in percent)

| Measure | First-year adjustments1/ | Annual adjustment over life of contracts2/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 0.9 | 1.7 | 230 |
| Contracts with COLA clauses | 2.5 | 2.5 | 74 |
| Contracts without COLA clauses | .2 | 1.3 | 156 |
| Manufacturing | -1.8 | -.3 | 89 |
| Contracts with COLA clauses | .4 | .3 | 34 |
| Contracts without COLA clauses | -3.1 | -.7 | 54 |
| Nonmanufacturing | 2.6 | 2.9 | 141 |
| Contracts with COLA clauses | 4.4 | 4.4 | 40 |
| Contracts without COLA clauses | 1.9 | 2.4 | 102 |
| Construction | 2.1 | 2.2 | 28 |
| Contracts without COLA clauses | 2.1 | 2.2 | 28 |
| All industries excluding construction | .8 | 1.6 | 202 |
| Contracts with COLA clauses | 2.5 | 2.5 | 74 |
| Contracts without COLA clauses | -.3 | 1.1 | 129 |
| Nonmanufacturing excluding construction | 2.7 | 3.1 | 114 |
| Contracts with COLA clauses | 4.4 | 4.4 | 40 |
| Contracts without COLA clauses | 1.9 | 2.4 | 74 |
| Good-producing | -.9 | .3 | 116 |
| Contracts with COLA clauses | .4 | .3 | 34 |
| Contracts without COLA clauses | -1.4 | .3 | 82 |
| Service-producing | 2.7 | 3.1 | 114 |
| Contracts with COLA clauses | 4.4 | 4.4 | 40 |
| Contracts without COLA clauses | 1.9 | 2.4 | 74 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 1.7 | 2.4 | 148 |
| Contracts with COLA clauses | 4.3 | 3.9 | 42 |
| Contracts without COLA clauses | .7 | 1.7 | 106 |
| Manufacturing | -3.2 | -.5 | 52 |
| Nonmanufacturing | 4.4 | 3.9 | 96 |

1/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date. Includes increases, decreases, and freezes. Excludes potential changes from COLA clauses.

2/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract. Includes increases, decreases, and freezes. Excludes potential changes from COLA clauses.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments in collective bargaining settlements covering 1,000 workers or more, first three months of 1987.

| Measure[1] | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 230 | 89 | 141 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 30 | 49 | 18 |
| Decreases[2] | 14 | 27 | 5 |
| Increases | 57 | 24 | 77 |
| Under 2 percent | 7 | 14 | 3 |
| 2 and under 4 percent | 25 | 10 | 34 |
| 4 and under 6 percent | 22 | 0 | 36 |
| 6 percent and over | 3 | 0 | 4 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | .9 | -1.8 | 2.6 |
| Median adjustment (percent) | 1.7 | .0 | 3.5 |
| Mean increase (percent) | 3.7 | 1.7 | 4.1 |
| Median increase (percent) | 3.8 | 1.7 | 4.0 |
| Mean decrease (percent) | -8.7 | -8.0 | -11.2 |
| Median decrease (percent) | -8.1 | -8.1 | -10.6 |

[1] See note 1, table 1.
[2] Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments over the life of the contract in collective bargaining settlements covering 1,000 workers or more, first three months of 1987.

| Measure1/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 230 | 89 | 141 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 23 | 44 | 10 |
| Decreases2/ | 15 | 27 | 7 |
| Increases | 62 | 29 | 83 |
| Under 2 percent | 13 | 19 | 8 |
| 2 and under 4 percent | 20 | 10 | 27 |
| 4 and under 6 percent | 29 | 0 | 48 |
| 6 percent and over | 0 | 0 | 0 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 1.7 | -.3 | 2.9 |
| Median adjustment (percent) | 1.7 | .0 | 3.5 |
| Mean increase (percent) | 3.3 | 1.1 | 3.7 |
| Median increase (percent) | 3.5 | .8 | 4.6 |
| Mean decrease (percent) | -2.4 | -2.4 | -2.5 |
| Median decrease (percent) | -2.1 | -2.1 | -2.7 |

1/ See note 2, table 1.

2/ Distributions are not shown to protect confidentiality.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more by duration of contract, first three months of 1987.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 58 | 6 | 5 | 5 | 13 | 10 | 19 |
| Number of workers (in thousands) | 230 | 14 | 17 | 20 | 50 | 61 | 69 |
| Average duration (months) | 33.0 | 9.7 | 18.8 | 24.0 | 34.4 | 36.0 | 40.2 |
| Percent adjustment in: | | | | | | | |
| First contract year | .9 | .4 | -.6 | 3.7 | .8 | 3.9 | -2.0 |
| Second contract year[1] | 2.4 | - | - | 4.5 | 2.4 | 3.9 | 1.2 |
| Third contract year[2] | 1.7 | - | - | - | .5 | 3.5 | 1.1 |
| Average annual percent adjustment over life of contract | 1.7 | .4 | -.5 | 4.0 | 1.2 | 3.8 | .3 |

[1] Average is based only on settlements with a duration greater than 12 months.
[2] Average is based only on settlements with a duration greater than 24 months.

Table 5. Average wage and compensation (wage and benefit costs) adjustments for collective bargaining settlements reached by quarter and full year 1986 and first quarter 1987.
(in percent)

| Measure | 1986 | | | | | 1987 |
|---|---|---|---|---|---|---|
| | I | II | III | IV | Full year | I1/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year2/ | | | | | | |
| All industries | 0.8 | 1.3 | 0.8 | 2.0 | 1.2 | 0.9 |
| Contracts with COLA clauses | 1.9 | 2.4 | 1.5 | 2.0 | 1.9 | 2.5 |
| Contracts without COLA clauses | .7 | 1.0 | .3 | 2.0 | .9 | .2 |
| Manufacturing | .7 | -2.1 | -3.3 | 1.1 | -1.2 | -1.8 |
| Contracts with COLA clauses | 1.3 | 1.2 | -.1 | 2.5 | 1.3 | .4 |
| Contracts without COLA clauses | .5 | -2.9 | -5.2 | -1.7 | -2.8 | -3.1 |
| Nonmanufacturing | .9 | 2.4 | 1.9 | 2.3 | 2.0 | 2.6 |
| Contracts with COLA clauses | 3.5 | 2.7 | 2.0 | 1.7 | 2.1 | 4.4 |
| Contracts without COLA clauses | .8 | 2.3 | 1.9 | 2.7 | 2.0 | 1.9 |
| Construction | 1.6 | 2.6 | 2.4 | (3) | 2.2 | 2.1 |
| All industries excluding construction | .6 | .5 | .5 | 2.1 | .9 | .8 |
| Nonmanufacturing excluding construction | .5 | 2.1 | 1.8 | 2.5 | 1.9 | 2.7 |
| Annual average over life of contract4/ | | | | | | |
| All industries | 1.5 | 2.0 | 1.5 | 2.1 | 1.8 | 1.7 |
| Contracts with COLA clauses | 2.0 | 2.4 | 1.5 | 1.6 | 1.7 | 2.5 |
| Contracts without COLA clauses | 1.4 | 1.8 | 1.5 | 2.6 | 1.8 | 1.3 |
| Manufacturing | 1.2 | .2 | -.9 | .9 | .2 | -.3 |
| Contracts with COLA clauses | 1.4 | 1.3 | .3 | 1.1 | .9 | .3 |
| Contracts without COLA clauses | 1.2 | -.1 | -1.7 | .4 | -.2 | -.7 |
| Nonmanufacturing | 1.6 | 2.5 | 2.2 | 2.6 | 2.3 | 2.9 |
| Contracts with COLA clauses | 3.7 | 2.7 | 1.8 | 1.9 | 2.1 | 4.4 |
| Contracts without COLA clauses | 1.5 | 2.5 | 2.4 | 3.0 | 2.4 | 2.4 |
| Construction | 2.2 | 2.7 | 2.7 | .2 | 2.5 | 2.2 |
| All industries excluding construction | 1.2 | 1.5 | 1.3 | 2.2 | 1.6 | 1.6 |
| Nonmanufacturing excluding construction | 1.2 | 2.3 | 2.1 | 2.8 | 2.2 | 3.1 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year2/ | | | | | | |
| All industries | .6 | .7 | .7 | 2.7 | 1.1 | 1.7 |
| Contracts with COLA clauses | 3.9 | 2.1 | 1.7 | 2.5 | 2.0 | 4.3 |
| Contracts without COLA clauses | .4 | .2 | -.1 | 3.0 | .5 | .7 |
| Annual average over life of contract4/ | | | | | | |
| All industries | 1.2 | 1.6 | 1.2 | 2.4 | 1.6 | 2.4 |
| Contracts with COLA clauses | 3.5 | 2.1 | 1.6 | 1.7 | 1.7 | 3.9 |
| Contracts without COLA clauses | 1.1 | 1.4 | .9 | 3.4 | 1.5 | 1.7 |

1/ Preliminary.
2/ See note 1, table 1.
3/ More than 0 and less than 0.05 percent.
4/ See note 2, table 1.

Table 6. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, by quarter and full year 1986 and first quarter 1987.
(in percent)

| Characteristic | 1986 | | | | | 1987 |
|---|---|---|---|---|---|---|
| | I | II | III | IV | Full Year | I1/ |
| Adjustments (prorated over all workers)2/ | | | | | | |
| Total effective adjustments .......... | 0.6 | 0.7 | 0.5 | 0.5 | 2.3 | 0.4 |
| Source: | | | | | | |
| Current settlements.............. | 3/ | .2 | .1 | .2 | .5 | 3/ |
| Prior agreements................. | .4 | .6 | .5 | .2 | 1.7 | .3 |
| COLA provisions.................. | .2 | 4/ | 3/ | .1 | .2 | .1 |
| Industry | | | | | | |
| Manufacturing...................... | .8 | .3 | 3/ | .4 | 1.5 | .2 |
| Nonmanufacturing................... | .5 | 1.0 | .9 | .5 | 2.9 | .4 |
| Nonmanufacturing excluding construction..................... | .5 | .8 | .9 | .6 | 2.9 | .5 |
| Construction....................... | .2 | 1.7 | 1.0 | .1 | 3.0 | .2 |
| Transportation and public utilities. | .2 | 1.0 | 1.0 | .4 | 2.7 | .3 |
| Wholesale and retail trade.......... | .9 | .6 | .7 | .7 | 2.9 | .7 |
| Services........................... | 1.1 | .4 | 1.1 | 1.0 | 3.7 | .5 |
| Effective wage change for workers receiving changes5/ | | | | | | |
| Total effective wage change........... | 1.8 | 1.8 | 1.3 | 1.6 | 2.8 | 1.3 |
| Source: | | | | | | |
| Current settlements.............. | .8 | 2.3 | .5 | 2.3 | 1.6 | 1.2 |
| Prior agreements................. | 2.9 | 3.4 | 3.1 | 2.6 | 3.9 | 2.3 |
| COLA provisions.................. | .8 | -.3 | 3/ | .6 | 1.0 | .5 |
| Total number of workers receiving wage change (in thousands)6/.............. | 2,061.6 | 2,662.2 | 2,639.3 | 1,905.5 | 5,367.3 | 1,752.9 |
| Source: | | | | | | |
| Current settlements.............. | 109.2 | 555.2 | 826.4 | 601.1 | 1,912.2 | 164.4 |
| Prior agreements................. | 909.8 | 1,153.5 | 1,004.8 | 416.3 | 2,789.0 | 702.0 |
| COLA provisions.................. | 1,275.2 | 1,041.4 | 849.4 | 916.5 | 1,405.6 | 944.8 |
| Number of workers not receiving a wage change (in thousands)................ | 4,458.5 | 3,858.0 | 3,880.8 | 4,614.7 | 1,152.8 | 4,663.8 |

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1/ Preliminary.

2/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.

3/ More than 0 and less than 0.05 percent.

4/ Less than 0 and more than -0.05 percent.

5/ The total change reflects the worker weighted average of each source of wage change.

6/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 7. Average wage adjustments in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1985 | | | | 1986 | | | | 1987 |
| | I | II | III | IV | I | II | III | IV | I1/ |
| All industries | | | | | | | | | |
| First year2/ | 2.4 | 2.4 | 2.4 | 2.3 | 2.0 | 1.6 | 1.2 | 1.2 | 1.2 |
| Contracts with COLA clauses | 2.5 | 2.3 | 1.9 | 1.6 | 1.6 | 1.8 | 2.2 | 1.9 | 1.9 |
| Contracts without COLA clauses | 2.4 | 2.4 | 2.7 | 2.7 | 2.2 | 1.5 | .8 | .9 | .8 |
| Over life of contract3/ | 2.3 | 2.4 | 2.5 | 2.7 | 2.5 | 2.2 | 1.7 | 1.8 | 1.8 |
| Contracts with COLA clauses | 1.3 | 1.5 | 1.8 | 2.5 | 2.5 | 2.5 | 2.0 | 1.7 | 1.8 |
| Contracts without COLA clauses | 2.8 | 2.8 | 3.0 | 2.8 | 2.5 | 2.1 | 1.6 | 1.8 | 1.8 |
| Manufacturing | | | | | | | | | |
| First year2/ | 2.1 | 2.0 | 1.5 | .8 | .8 | .1 | -1.0 | -1.2 | -1.7 |
| Contracts with COLA clauses | 2.0 | 1.9 | 1.5 | .8 | .8 | .7 | 1.1 | 1.3 | 1.2 |
| Contracts without COLA clauses | 2.5 | 2.2 | 1.5 | .9 | .9 | -.4 | -2.0 | -2.8 | -3.6 |
| Over life of contract3/ | 1.4 | 1.5 | 1.6 | 1.8 | 1.8 | 1.4 | .3 | .2 | -.1 |
| Contracts with COLA clauses | .9 | 1.0 | 1.4 | 2.1 | 2.1 | 2.0 | 1.1 | .9 | .8 |
| Contracts without COLA clauses | 3.2 | 3.0 | 2.4 | 1.6 | 1.5 | .9 | -.1 | -.2 | -.6 |
| Nonmanufacturing | | | | | | | | | |
| First year2/ | 2.6 | 2.7 | 3.2 | 3.3 | 2.8 | 2.6 | 2.1 | 2.0 | 2.2 |
| Contracts with COLA clauses | 5.1 | 4.3 | 4.0 | 3.6 | 3.5 | 3.4 | 2.7 | 2.1 | 2.2 |
| Contracts without COLA clauses | 2.4 | 2.5 | 3.0 | 3.3 | 2.7 | 2.4 | 1.9 | 2.0 | 2.2 |
| Over life of contract3/ | 2.8 | 2.9 | 3.3 | 3.3 | 3.0 | 2.8 | 2.3 | 2.3 | 2.4 |
| Contracts with COLA clauses | 4.0 | 3.8 | 3.9 | 3.6 | 3.6 | 3.3 | 2.5 | 2.1 | 2.2 |
| Contracts without COLA clauses | 2.7 | 2.8 | 3.2 | 3.3 | 2.8 | 2.6 | 2.2 | 2.4 | 2.5 |
| Construction | | | | | | | | | |
| First year2/ | .9 | 1.1 | 1.0 | 1.5 | 1.6 | 2.3 | 2.3 | 2.2 | 2.4 |
| Contracts with COLA clauses | 4.6 | 9.2 | 4/ | 4/ | 4/ | 1.1 | 1.4 | 1.4 | 1.6 |
| Contracts without COLA clauses | .8 | 1.0 | 4/ | 4/ | 4/ | 2.4 | 2.4 | 2.3 | 2.4 |
| Over life of contract3/ | 1.4 | 1.7 | 1.7 | 2.1 | 2.2 | 2.5 | 2.6 | 2.5 | 2.5 |
| Contracts with COLA clauses | 1.7 | 4.6 | 4/ | 4/ | 4/ | 1.2 | 1.6 | 1.6 | 1.4 |
| Contracts without COLA clauses | 1.4 | 1.7 | 4/ | 4/ | 4/ | 2.6 | 2.6 | 2.5 | 2.6 |

1/ Preliminary.
2/ See note 1, table 1.
3/ See note 2, table 1.
4/ Data for averages do not meet publication standards.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1985 | | | | 1986 | | | | 1987 |
| | I | II | III | IV | I | II | III | IV | I[1] |
| Total effective adjustments (prorated over all workers)[2] .... | 3.6 | 3.5 | 3.5 | 3.3 | 3.1 | 2.9 | 2.3 | 2.3 | 2.0 |
| Source: | | | | | | | | | |
| From current settlements ....... | .7 | .9 | .9 | .7 | .6 | .5 | .5 | .5 | .4 |
| From prior agreements .......... | 2.2 | 1.9 | 1.8 | 1.8 | 1.7 | 1.8 | 1.6 | 1.7 | 1.5 |
| From COLA ...................... | .7 | .7 | .8 | .7 | .8 | .7 | .2 | .2 | .1 |
| Effective wage change for workers receiving change[3] ............... | 4.5 | 4.2 | 4.3 | 4.1 | 4.0 | 3.8 | 3.1 | 2.8 | 2.4 |
| Source: | | | | | | | | | |
| From current settlements ....... | 2.9 | 2.9 | 2.8 | 3.4 | 2.9 | 2.5 | 1.7 | 1.6 | 1.2 |
| From prior agreements .......... | 4.2 | 3.9 | 3.7 | 3.7 | 3.5 | 3.4 | 3.8 | 3.9 | 3.7 |
| From COLA ...................... | 2.3 | 2.3 | 2.8 | 2.2 | 2.5 | 2.0 | 1.0 | 1.0 | .6 |

[1] Preliminary.
[2] **See note 3, table 8. Because of rounding, totals may not equal the sum of the parts.**
[3] **See note 5, table 6.**

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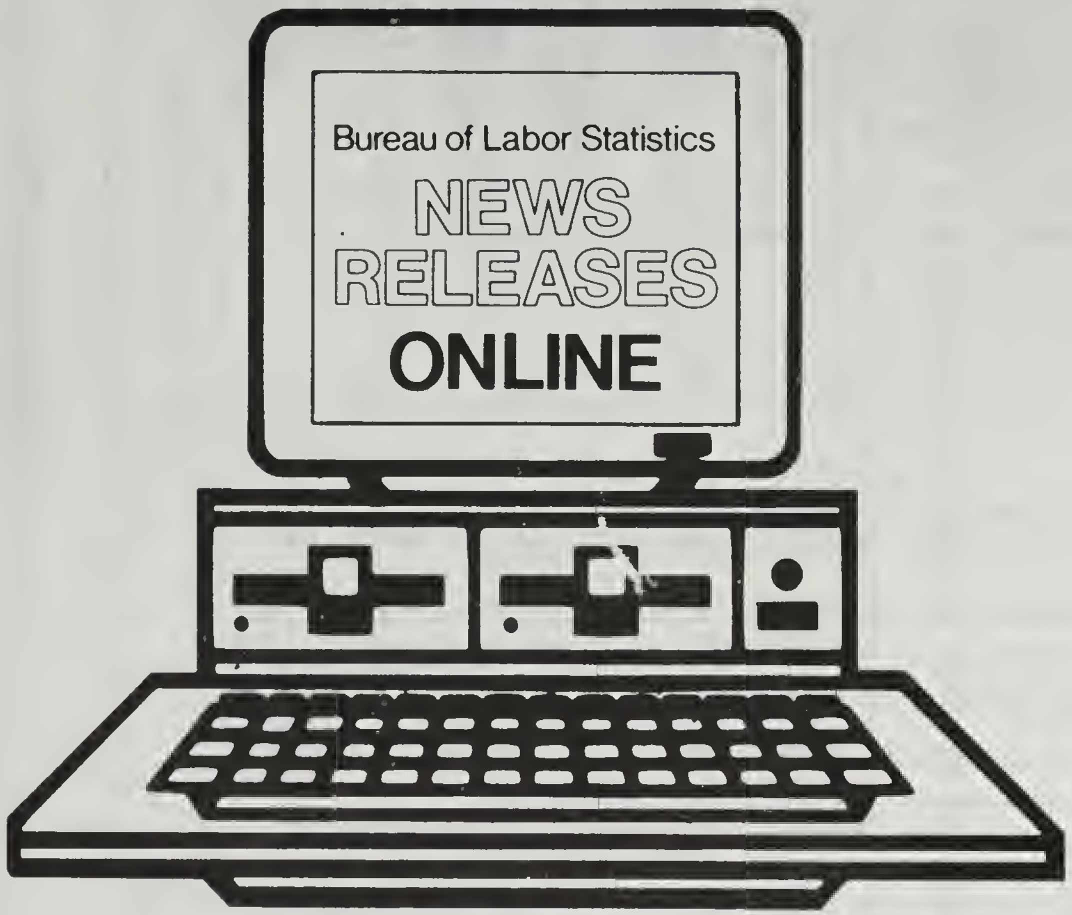

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## MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 6 MONTHS 1987

Major collective bargaining settlements reached in private industry during the first 6 months of 1987 provided wage adjustments averaging 2.1 percent in the first contract year and 2.5 percent annually over the life of the contract, the U. S. Department of Labor's Bureau of Labor Statistics reported today. The last time parties to these settlements negotiated--usually 2 to 3 years ago, they agreed to wage adjustments (wage increases, decreases, and freezes) that averaged 1.7 percent in the first contract year and 2.6 percent a year over the contract life.

First-half 1987 settlements covered 732,000 workers under 225 contracts. About 363,000 additional workers were under 121 contracts that had expired but had not been renegotiated by the end of June; almost all of these workers continued to work without a new contract.

Contracts with lump sum provisions, covering 22 percent (164,000) of the workers under first-half settlements, provided average wage adjustments that were lower than those without such provisions. Lump sum payments for 22,000 workers are linked to profits or earnings of the firm. Lump sum payments do not affect base wages, and are excluded from this series.

The Bureau's major collective bargaining agreements series for private industry covers 6.4 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first half of 1987, this release includes information on wage changes effective in the period that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLAs).

### First-half 1987 settlements

Settlements in nonmanufacturing provided wage adjustments that averaged 2.9 percent in the first contract year and 3.1 percent annually over the contract term. These averages, substantially higher than those recorded for manufacturing settlements, covered 528,000 workers or nearly three-fourths of the workers under settlements in the first half of 1987. About one-half (269,000) of these were construction workers, whose settlements called for adjustments averaging 3.0 percent in the first contract year and 3.2 percent a year over the contract term. Corresponding adjustments were 1.7 percent and 2.3 percent under the construction contracts being replaced, usually reached about 2 years ago. Other nonmanufacturing industries in which substantial numbers of workers were covered by contracts with above average wage adjustments included utilities, retail food, and services.

In contrast, average wage adjustments for the 204,000 workers under settlements in manufacturing industries were 0.2 percent in the first contract year and 0.9 percent annually over the life of the contract. More than one-half (110,000) of these workers were covered by lump-sum payments in their contracts.

Wage adjustments for all workers under first-half 1987 settlements that included lump-sum payments (164,000) averaged 0.5 percent in the first contract year and 1.1 percent a year over the contract term. Corresponding averages for the workers not receiving lump-sum payments were 2.6 and 2.9 percent. Lump-sum provisions were negotiated in a variety of industries, but primarily in transportation equipment manufacturing.

As a result of first-half 1987 settlements, 488,000 workers had first-year wage increases averaging 4.1 percent, 192,000 had no wage change, and 52,000 had first-year decreases averaging 8.3 percent. Subsequent wage increases for 71,000 workers who had no change in the first year will result in 559,000 workers receiving a net wage gain over the contract term averaging 3.6 percent a year.

Two-fifths (291,000) of the workers under first-half settlements were covered by "front-loaded" contracts, which provide their largest wage increases in the first year of the agreement. Wage adjustments under these settlements averaged 4.5 percent in the first year and 3.5 percent annually over the contract life. These contracts were primarily in the construction, transportation equipment, retail food, and real estate maintenance industries.

A third (245,000) of the workers were covered by "back-loaded" contracts with specified wage adjustments lower in the first contract year than in subsequent years. One-fifth of these workers received wage cuts during the first contract year. Back-loaded settlements, on average, provided no wage adjustments in the first year and 2.3 percent annually over their term. These settlements occurred mainly in the construction, steel, and retail food industries.

A fourth of the workers were under agreements of 12-month duration or that provided equal wage adjustments each year. Such contracts were primarily in the construction industry.

Contracts for three-fourths (543,000) of the workers under first-half 1987 settlements have no cost-of-living adjustment (COLA) clause. They specified average wage adjustments of 2.6 percent a year over their life, compared with 2.2 percent for contracts with COLA clauses. The latter have the potential for providing additional adjustments, depending on future price changes (usually measured by the BLS Consumer Price Index.) Such potential adjustments are, however, excluded from settlement measures. (See Explanatory Note.)

About 5 percent (40,000) of the workers under first-half 1987 settlements had their COLA clauses dropped or suspended. These included 22,000 workers covered by the Steelworkers-USX Corp. agreement. COLA clauses were established for 1,200 workers during this period. These developments contributed to lowering the proportion of workers under major agreements in private industry (6.4 million workers in 1987) covered by COLA clauses from 40 percent at the end of 1986 to 38 percent at the end of June 1987.

Overall, settlements negotiated in the 12 months ended June 30, 1987, provided wage adjustments averaging 1.5 percent in the first year and 2.0 percent a year over their term. They covered 2,119,000 workers.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. Settlements reached in the first 6 months of 1987 provided compensation adjustments of 3.2 percent in the first contract year and 3.3 percent annually over the life of the contract.

## Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in the first 6 months of 1987, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Effective wage adjustments in the first 6 months of 1987 averaged (in percent):

| | For workers receiving wage change(s) | For all workers (prorated) |
|---|---|---|
| All adjustments ---------- | 3.1 | 2.3 |
| New settlements -------- | 2.9 | 0.3 |
| Deferred adjustments --- | 3.3 | 1.8 |
| COLA ------------------- | 1.4 | 0.2 |

Wage changes (increases and decreases) put into effect in the first half of 1987 averaged 3.1 percent for the 4.8 million workers who received them. When this net wage gain was averaged over all 6.4 million workers covered by major agreements, the effective wage adjustment was 2.3 percent.

In the 4-quarter period ended June 30, 1987, effective wage adjustments for all workers averaged 2.2 percent, up from the record low 2.0 percent adjustment for the 4 quarters ended March 31, 1987.

This measure had been declining for 3 years. The slight upturn reflects an increase in the size of wage adjustment stemming from COLA clauses between the first and second quarters of 1987.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes, the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the approximately 1.8 million workers that had COLA reviews in the first 6 months of 1987, about 1,094,000 had COLA-triggered wage increases averaging 1.4 percent. Reviews for the remaining workers did not yield any wage changes. Wage adjustments stemming from COLA reviews in the first 6 months of 1987 averaged 46 percent of the change in the Consumer Price Index during the COLA review period.

Third-quarter 1987 bargaining activity

As noted earlier, there were 363,000 workers under 121 contracts that had expired or been reopened but had not been renegotiated or ratified prior to July 1, 1987. They were primarily in the construction, airline, and retail food industries. In addition, 950,000 workers are under 96 major agreements scheduled to expire or reopen for wage negotiations during July-September 1987. These agreements

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are concentrated in automobile and apparel manufacturing, construction, retail food, and transportation industries.

About 1.4 million workers are scheduled to receive deferred wage changes (increases and decreases) averaging 2.7 percent during the third quarter of 1987. These changes will be made under provisions of agreements negotiated earlier. About 1.1 million workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industry. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease or not change wages and benefits.

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those

made instead of wage increases, performance bonuses, and attendance bonuses) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration date or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

Effective wage adjustment data

The effective wage adjustment measure includes increases, decreases and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached in a prior period and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for the first 6 months of 1987 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1988.

Additional historical information is available from the Office of Wages and Industrial Relations, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and issued semi-annually. Information for 1986 was released in February; information for the first 6 months of 1987 will be released in August 1987.

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Major private industry collective bargaining settlements data for the first 9 months of 1987 will be released on Tuesday, October 27, 1987, at 10:00 A.M. (EST).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments1/ in collectiv
bargaining settlements, first six months of 1987.
(in percent)

| Measure | First-year adjustments2/ | Annual adjustments over life of contracts3/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 2.1 | 2.5 | 732 |
| Contracts with COLA clauses | 2.2 | 2.2 | 190 |
| Contracts without COLA clauses | 2.1 | 2.6 | 543 |
| Manufacturing | .2 | .9 | 204 |
| Contracts with COLA clauses | 1.3 | .9 | 95 |
| Contracts without COLA clauses | -.9 | .9 | 108 |
| Nonmanufacturing | 2.9 | 3.1 | 528 |
| Contracts with COLA clauses | 3.1 | 3.6 | 94 |
| Contracts without COLA clauses | 2.8 | 3.0 | 434 |
| Construction | 3.0 | 3.2 | 269 |
| Contracts without COLA clauses | 3.0 | 3.2 | 269 |
| All industries excluding construction | 1.6 | 2.1 | 463 |
| Contracts with COLA clauses | 2.2 | 2.2 | 190 |
| Contracts without COLA clauses | 1.2 | 2.0 | 273 |
| Nonmanufacturing excluding construction | 2.7 | 3.0 | 259 |
| Contracts with COLA clauses | 3.1 | 3.6 | 94 |
| Contracts without COLA clauses | 2.5 | 2.7 | 165 |
| Goods-producing | 1.8 | 2.2 | 473 |
| Contracts with COLA clauses | 1.3 | .9 | 95 |
| Contracts without COLA clauses | 1.9 | 2.5 | 378 |
| Service-producing | 2.7 | 3.0 | 259 |
| Contracts with COLA clauses | 3.1 | 3.6 | 94 |
| Contracts without COLA clauses | 2.5 | 2.7 | 165 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 3.2 | 3.3 | 374 |
| Contracts with COLA clauses | 3.5 | 3.1 | 116 |
| Contracts without COLA clauses | 3.1 | 3.4 | 258 |
| Manufacturing | -.4 | .9 | 109 |
| Contracts with COLA clauses | 2.1 | 1.2 | 45 |
| Contracts without COLA clauses | -2.0 | .8 | 64 |
| Nonmanufacturing | 4.7 | 4.3 | 265 |
| Contracts with COLA clauses | 4.4 | 4.4 | 71 |
| Contracts without COLA clauses | 4.8 | 4.3 | 194 |
| Construction | 5.1 | 4.9 | 115 |
| Contracts without COLA clauses | 5.1 | 4.9 | 115 |
| All industries excluding construction | 2.3 | 2.6 | 259 |
| Contracts with COLA clauses | 3.5 | 3.1 | 116 |
| Contracts without COLA clauses | 1.4 | 2.2 | 143 |
| Nonmanufacturing excluding construction | 4.3 | 3.9 | 150 |
| Contracts with COLA clauses | 4.4 | 4.4 | 71 |
| Contracts without COLA clauses | 4.2 | 3.4 | 79 |
| Goods-producing | 2.4 | 2.9 | 224 |
| Contracts with COLA clauses | 2.1 | 1.2 | 45 |
| Contracts without COLA clauses | 2.5 | 3.4 | 179 |
| Service-producing | 4.3 | 3.9 | 150 |
| Contracts with COLA clauses | 4.4 | 4.4 | 71 |
| Contracts without COLA clauses | 4.2 | 3.4 | 79 |

1/ Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

2/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

3/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments1/ in collective bargaining settlements covering 1,000 worker or more, first six months of 1987.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 732 | 204 | 528 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 26 | 40 | 21 |
| Decreases3/ | 7 | 16 | 4 |
| Increases | 67 | 45 | 75 |
| Under 2 percent | 9 | 9 | 9 |
| 2 and under 4 percent | 25 | 17 | 28 |
| 4 and under 6 percent | 26 | 17 | 29 |
| 6 percent and over | 7 | 1 | 10 |
| Adjustments (in percent): | | | |
| Mean adjustment | 2.1 | .2 | 2.9 |
| Median adjustment | 3.0 | .0 | 3.2 |
| Mean increase | 4.1 | 3.2 | 4.3 |
| Median increase | 3.8 | 3.0 | 4.0 |
| Mean decrease | -8.3 | -8.0 | -8.8 |
| Median decrease | -8.1 | -8.1 | -8.2 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments1/ over the life of the contract in collective bargaining settlements covering 1,000 workers or more, first six months of 1987.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 732 | 204 | 528 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 16 | 25 | 13 |
| Decreases3/ | 7 | 16 | 4 |
| Increases | 76 | 59 | 83 |
| Under 2 percent | 21 | 41 | 13 |
| 2 and under 4 percent | 20 | 15 | 21 |
| 4 and under 6 percent | 28 | 0 | 39 |
| 6 percent and over | 7 | 4 | 9 |
| Adjustments (in percent): | | | |
| Mean adjustment | 2.5 | .9 | 3.1 |
| Median adjustment | 2.3 | .8 | 3.8 |
| Mean increase | 3.6 | 2.1 | 4.0 |
| Median increase | 3.6 | 1.4 | 4.4 |
| Mean decrease | -2.9 | -2.1 | -3.9 |
| Median decrease | -2.1 | -2.1 | -2.7 |

1/ See note 1, table 1.
2/ See note 3, table 1.
3/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment1/ in collective bargainin settlements covering 5,000 workers or more, first six months of 1987.

| Measure | Percent of workers affected |
|---|---|
| First year adjustments2/ | |
| All settlements | 100 |
| No change | 6 |
| Decreases3/ | 7 |
| Increases | 86 |
| Under 2 percent | 15 |
| 2 and under 4 percent | 12 |
| 4 and under 6 percent | 43 |
| 6 and under 8 percent | 13 |
| 8 percent and over | 3 |
| Total number of workers (in thousands) | 374 |
| Mean adjustment (percent) | 3.2 |
| Median adjustment (percent) | 4.2 |
| Mean increase (percent) | 4.4 |
| Median increase (percent) | 4.6 |
| Mean decrease (percent) | -8.4 |
| Median decrease (percent) | -8.9 |
| Adjustments averaged over life of contract4/ | |
| All settlements | 100 |
| No change | 6 |
| Decreases3/ | 7 |
| Increases | 86 |
| Under 2 percent | 22 |
| 2 and under 4 percent | 9 |
| 4 and under 6 percent | 46 |
| 6 and under 8 percent | 6 |
| 8 percent and over | 2 |
| Total number of workers (in thousands) | 374 |
| Mean adjustment (percent) | 3.3 |
| Median adjustment (percent) | 4.2 |
| Mean increase (percent) | 4.0 |
| Median increase (percent) | 4.7 |
| Mean decrease (percent) | -1.8 |
| Median decrease (percent) | -2.1 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment1/ in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, first six months of 1987.

| Measure | First year adjustments2/ (percent of workers affected) | |
|---|---|---|
| | Compensation | Wages alone |
| All settlements | 100 | 100 |
| No change | 14 | 22 |
| Decreases3/ | 2 | 2 |
| Increases | 85 | 76 |
| Under 2 percent | 14 | 15 |
| 2 and under 4 percent | 18 | 27 |
| 4 and under 6 percent | 37 | 18 |
| 6 and under 8 percent | 11 | 10 |
| 8 percent and over | 5 | 5 |
| Total number of workers (in thousands) | 269 | 269 |
| Mean adjustment (percent) | 3.6 | 3.0 |
| Median adjustment (percent) | 4.1 | 2.9 |
| Mean increase (percent) | 4.4 | 4.2 |
| Median increase (percent) | 4.3 | 3.8 |
| Mean decrease (percent) | -3.9 | -7.5 |
| Median decrease (percent) | -.2 | -9.0 |
| | Adjustments averaged over life of contract4/ (percent of workers affected) | |
| | Compensation | Wages alone |
| All settlements | 100 | 100 |
| No change | 11 | 18 |
| Decreases3/ | 1 | 2 |
| Increases | 88 | 80 |
| Under 2 percent | 18 | 19 |
| 2 and under 4 percent | 17 | 12 |
| 4 and under 6 percent | 43 | 33 |
| 6 and under 8 percent | 10 | 12 |
| 8 percent and over | 0 | 4 |
| Total number of workers (in thousands) | 269 | 269 |
| Mean adjustment (percent) | 3.5 | 3.2 |
| Median adjustment (percent) | 4.2 | 3.9 |
| Mean increase (percent) | 4.1 | 4.2 |
| Median increase (percent) | 4.4 | 4.5 |
| Mean decrease (percent) | 5/ | -8.2 |
| Median decrease (percent) | 5/ | -10.2 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 3, table 1.
5/ Data do not meet publication standards.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments[1] in collective bargaining settlements covering 1,000 workers or more by duration of contract, first six months of 1987.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 225 | 27 | 15 | 30 | 31 | 82 | 40 |
| Number of workers (in thousands) | 732 | 75 | 41 | 74 | 108 | 302 | 131 |
| Average duration (months) | 31.9 | 10.9 | 16.8 | 24.0 | 33.7 | 36.0 | 41.9 |
| Percent adjustment in: | | | | | | | |
| First contract year | 2.1 | 1.2 | 1.1 | 3.7 | 1.8 | 3.4 | -.6 |
| Second contract year[2] | 2.8 | - | .4 | 4.0 | 2.1 | 3.9 | 1.2 |
| Third contract year[3] | 2.6 | - | - | - | .5 | 3.7 | 1.6 |
| Average annual percent adjustment over life of contract | 2.5 | 1.5 | 1.1 | 3.8 | 1.5 | 3.7 | .8 |

[1] See note 1, table 1.

[2] Average is based only on settlements with a duration greater than 12 months.

[3] Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached by quarter and year, second quarter 1986 - second quarter 1987. (in percent)

| Measure | 1986 | | | | 1987 | |
|---|---|---|---|---|---|---|
| | II | III | IV | Full year | I2/ | II3/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries | 1.3 | 0.8 | 2.0 | 1.2 | 1.2 | 2.6 |
| Contracts with COLA clauses | 2.4 | 1.5 | 2.0 | 1.9 | 2.9 | 1.7 |
| Contracts without COLA clauses | 1.0 | .3 | 2.0 | .9 | .3 | 2.8 |
| Manufacturing | -2.1 | -3.3 | 1.1 | -1.2 | -1.1 | 1.3 |
| Contracts with COLA clauses | 1.2 | -.1 | 2.5 | 1.3 | 1.4 | 1.3 |
| Contracts without COLA clauses | -2.9 | -5.2 | -1.7 | -2.8 | -2.9 | 1.3 |
| Nonmanufacturing | 2.4 | 1.9 | 2.3 | 2.0 | 2.7 | 2.9 |
| Contracts with COLA clauses | 2.7 | 2.0 | 1.7 | 2.1 | 4.4 | 2.1 |
| Contracts without COLA clauses | 2.3 | 1.9 | 2.7 | 2.0 | 2.0 | 3.1 |
| Construction | 2.6 | 2.4 | (5) | 2.2 | 1.9 | 3.2 |
| All industries excluding construction | .5 | .5 | 2.1 | .9 | 1.1 | 2.0 |
| Nonmanufacturing excluding construction | 2.1 | 1.8 | 2.5 | 1.9 | 2.9 | 2.6 |
| Annual average over life of contract6/ | | | | | | |
| All industries | 2.0 | 1.5 | 2.1 | 1.8 | 1.8 | 2.9 |
| Contracts with COLA clauses | 2.4 | 1.5 | 1.6 | 1.7 | 2.6 | 1.9 |
| Contracts without COLA clauses | 1.8 | 1.5 | 2.6 | 1.8 | 1.4 | 3.1 |
| Manufacturing | .2 | -.9 | .9 | .2 | (5) | 1.7 |
| Contracts with COLA clauses | 1.3 | .3 | 1.1 | .9 | .8 | .9 |
| Contracts without COLA clauses | -.1 | -1.7 | .4 | -.2 | -.5 | 2.5 |
| Nonmanufacturing | 2.5 | 2.2 | 2.6 | 2.3 | 2.9 | 3.2 |
| Contracts with COLA clauses | 2.7 | 1.8 | 1.9 | 2.1 | 4.4 | 3.0 |
| Contracts without COLA clauses | 2.5 | 2.4 | 3.0 | 2.4 | 2.4 | 3.2 |
| Construction | 2.7 | 2.7 | .2 | 2.5 | 2.0 | 3.3 |
| All industries excluding construction | 1.5 | 1.3 | 2.2 | 1.6 | 1.7 | 2.4 |
| Nonmanufacturing excluding construction | 2.3 | 2.1 | 2.8 | 2.2 | 3.2 | 2.9 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries | .7 | .7 | 2.7 | 1.1 | 1.7 | 4.2 |
| Contracts with COLA clauses | 2.1 | 1.7 | 2.5 | 2.0 | 4.3 | 3.1 |
| Contracts without COLA clauses | .2 | -.1 | 3.0 | .5 | .7 | 4.7 |
| Annual average over life of contract6/ | | | | | | |
| All industries | 1.6 | 1.2 | 2.4 | 1.6 | 2.4 | 3.9 |
| Contracts with COLA clauses | 2.1 | 1.6 | 1.7 | 1.7 | 3.9 | 2.7 |
| Contracts without COLA clauses | 1.4 | .9 | 3.4 | 1.5 | 1.7 | 4.6 |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ More than 0 and less than 0.5 percent.
6/ See note 3, table 1.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, by quarter and year, second quarter 1986 - second quarter 1987. (in percent)

| Characteristic | 1986 | | | | 1987 | |
|---|---|---|---|---|---|---|
| | II | III | IV | Full Year | I1/ | II2/ |
| Adjustments (prorated over all workers)3/ | | | | | | |
| Total effective adjustments | 0.7 | 0.5 | 0.5 | 2.3 | 0.4 | 1.0 |
| Source: | | | | | | |
| Current settlements | .2 | .1 | .2 | .5 | 4/ | .1 |
| Prior agreements | .6 | .5 | .2 | 1.7 | .3 | .7 |
| COLA provisions | 5/ | 4/ | .1 | .2 | .1 | .2 |
| Industry | | | | | | |
| Manufacturing | .3 | 4/ | .4 | 1.5 | .3 | .9 |
| Nonmanufacturing | 1.0 | .9 | .5 | 2.9 | .4 | 1.1 |
| Nonmanufacturing excluding construction | .8 | .9 | .6 | 2.9 | .5 | .9 |
| Construction | 1.7 | 1.0 | .1 | 3.0 | .2 | 1.7 |
| Transportation and public utilities | 1.0 | 1.0 | .4 | 2.7 | .3 | 1.0 |
| Wholesale and retail trade | .6 | .7 | .7 | 2.9 | .8 | .5 |
| Services | .4 | 1.1 | 1.0 | 3.7 | .5 | .8 |
| Effective wage change for workers receiving changes6/ | | | | | | |
| Total effective wage change | 1.8 | 1.3 | 1.6 | 2.8 | 1.3 | 2.5 |
| Source: | | | | | | |
| Current settlements | 2.3 | .5 | 2.3 | 1.6 | 1.5 | 3.1 |
| Prior agreements | 3.4 | 3.1 | 2.6 | 3.9 | 2.3 | 3.1 |
| COLA provisions | -.3 | 4/ | .6 | 1.0 | .5 | 1.1 |
| Total number of workers receiving wage change (in thousands)7/ | 2,662.2 | 2,639.3 | 1,905.5 | 5,367.3 | 1,754.5 | 2,633.8 |
| Source: | | | | | | |
| Current settlements | 555.2 | 826.4 | 601.1 | 1,912.2 | 174.9 | 296.4 |
| Prior agreements | 1,153.5 | 1,004.8 | 416.3 | 2,789.0 | 704.2 | 1,441.0 |
| COLA provisions | 1,041.4 | 849.4 | 916.5 | 1,405.6 | 930.5 | 1,014.5 |
| Number of workers not receiving a wage change (in thousands) | 3,858.0 | 3,880.8 | 4,614.7 | 1,152.8 | 4,619.3 | 3,740.0 |

1/ Preliminary revised.
2/ Preliminary.
3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.
4/ More than 0 and less than 0.05 percent.
5/ Less than 0 and more than -0.05 percent.
6/ The total change reflects the worker weighted average of each source of wage change.
7/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 9. Average wage adjustments1/ in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1985 | | | 1986 | | | | 1987 | |
| | II | III | IV | I | II | III | IV | I2/ | II3/ |
| All industries | | | | | | | | | |
| First year4/ | 2.4 | 2.4 | 2.3 | 2.0 | 1.6 | 1.2 | 1.2 | 1.2 | 1.5 |
| Contracts with COLA clauses | 2.3 | 1.9 | 1.6 | 1.6 | 1.8 | 2.2 | 1.9 | 2.0 | 1.8 |
| Contracts without COLA clauses | 2.4 | 2.7 | 2.7 | 2.2 | 1.5 | .8 | .9 | .9 | 1.4 |
| Over life of contract5/ | 2.4 | 2.5 | 2.7 | 2.5 | 2.2 | 1.7 | 1.8 | 1.8 | 2.0 |
| Contracts with COLA clauses | 1.5 | 1.8 | 2.5 | 2.5 | 2.5 | 2.0 | 1.7 | 1.8 | 1.7 |
| Contracts without COLA clauses | 2.8 | 3.0 | 2.8 | 2.5 | 2.1 | 1.6 | 1.8 | 1.8 | 2.2 |
| Manufacturing | | | | | | | | | |
| First year4/ | 2.0 | 1.5 | .8 | .8 | .1 | -1.0 | -1.2 | -1.6 | -.8 |
| Contracts with COLA clauses | 1.9 | 1.5 | .8 | .8 | .7 | 1.1 | 1.3 | 1.3 | 1.4 |
| Contracts without COLA clauses | 2.2 | 1.5 | .9 | .9 | -.4 | -2.0 | -2.8 | -3.5 | -2.9 |
| Over life of contract5/ | 1.5 | 1.6 | 1.8 | 1.8 | 1.4 | .3 | .2 | 6/ | .2 |
| Contracts with COLA clauses | 1.0 | 1.4 | 2.1 | 2.1 | 2.0 | 1.1 | .9 | .8 | .8 |
| Contracts without COLA clauses | 3.0 | 2.4 | 1.6 | 1.5 | .9 | -.1 | -.2 | -.6 | -.3 |
| Nonmanufacturing | | | | | | | | | |
| First year4/ | 2.7 | 3.2 | 3.3 | 2.8 | 2.6 | 2.1 | 2.0 | 2.2 | 2.3 |
| Contracts with COLA clauses | 4.3 | 4.0 | 3.6 | 3.5 | 3.4 | 2.7 | 2.1 | 2.2 | 2.1 |
| Contracts without COLA clauses | 2.5 | 3.0 | 3.3 | 2.7 | 2.4 | 1.9 | 2.0 | 2.2 | 2.4 |
| Over life of contract5/ | 2.9 | 3.3 | 3.3 | 3.0 | 2.8 | 2.3 | 2.3 | 2.4 | 2.6 |
| Contracts with COLA clauses | 3.8 | 3.9 | 3.6 | 3.6 | 3.3 | 2.5 | 2.1 | 2.2 | 2.2 |
| Contracts without COLA clauses | 2.8 | 3.2 | 3.3 | 2.8 | 2.6 | 2.2 | 2.4 | 2.5 | 2.8 |
| Construction | | | | | | | | | |
| First year4/ | 1.1 | 1.0 | 1.5 | 1.6 | 2.3 | 2.3 | 2.2 | 2.4 | 2.6 |
| Contracts with COLA clauses | 9.2 | 7/ | 7/ | 7/ | 1.1 | 1.4 | 1.4 | 1.6 | 7/ |
| Contracts without COLA clauses | 1.0 | 7/ | 7/ | 7/ | 2.4 | 2.4 | 2.3 | 2.4 | 7/ |
| Over life of contract5/ | 1.7 | 1.7 | 2.1 | 2.2 | 2.5 | 2.6 | 2.5 | 2.5 | 2.8 |
| Contracts with COLA clauses | 4.6 | 7/ | 7/ | 7/ | 1.2 | 1.6 | 1.6 | 1.4 | 7/ |
| Contracts without COLA clauses | 1.7 | 7/ | 7/ | 7/ | 2.6 | 2.6 | 2.5 | 2.6 | 7/ |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.
6/ More than 0 and less than 0.05 percent.
7/ Data for averages do not meet publication standards.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1985 | | | 1986 | | | | 1987 | |
| | II | III | IV | I | II | III | IV | I1/ | II2/ |
| Total effective adjustments (prorated over all workers)3/.... | 3.5 | 3.5 | 3.3 | 3.1 | 2.9 | 2.3 | 2.3 | 2.0 | 2.2 |
| Source: | | | | | | | | | |
| From current settlements....... | .9 | .9 | .7 | .6 | .5 | .5 | .5 | .4 | .3 |
| From prior agreements.......... | 1.9 | 1.8 | 1.8 | 1.7 | 1.8 | 1.6 | 1.7 | 1.5 | 1.6 |
| From COLA...................... | .7 | .8 | .7 | .8 | .7 | .2 | .2 | .1 | .3 |
| Effective wage change for workers receiving change4/.............. | 4.2 | 4.3 | 4.1 | 4.0 | 3.8 | 3.1 | 2.8 | 2.4 | 2.8 |
| Source: | | | | | | | | | |
| From current settlements....... | 2.9 | 2.8 | 3.4 | 2.9 | 2.5 | 1.7 | 1.6 | 1.2 | 1.1 |
| From prior agreements.......... | 3.9 | 3.7 | 3.7 | 3.5 | 3.4 | 3.8 | 3.9 | 3.7 | 3.5 |
| From COLA...................... | 2.3 | 2.8 | 2.2 | 2.5 | 2.0 | 1.0 | 1.0 | .6 | 1.8 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8. Because of rounding, totals may not equal the sum of the parts.
4/ See note 6, table 8.

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 9 MONTHS 1987

Major collective bargaining settlements reached in private industry during the first 9 months of 1987 provided wage adjustments averaging 2.1 percent in the first contract year and 2.3 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The last time parties to these settlements negotiated--usually 2 to 3 years ago, they agreed to wage adjustments (wage increases, decreases, and freezes) that averaged 1.9 percent in the first contract year and 2.5 percent a year over the contract life.

Settlements in the first 9 months of 1987 covered 1,256,000 workers under 318 contracts. About 737,000 additional workers were under 113 contracts that had expired but had not been renegotiated by the end of September. Almost all of these workers continued to work without a new contract, including approximately 335,000 workers covered by a tentative agreement reached on October 12 between General Motors Corporation and the United Automobile Workers.

Contracts with lump-sum provisions, covering 37 percent (470,000) of the workers under settlements in the first 9 months, provided average wage adjustments that were lower than those without such provisions. Lump-sum payments are excluded from this series.

The Bureau's major collective bargaining agreements series for private industry covers 6.4 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first 9 months of 1987, this release includes information on wage changes effective in the period that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLAs).

## Settlements in the first 9 months of 1987

About 68 percent (860,000) of the workers under contracts negotiated in the first 9 months of 1987 were in nonmanufacturing industries. Their contracts called for wage adjustments averaging 2.5 percent in the first contract year and 2.9 percent annually over the contract life.

Settlements in the construction industry covered about 40 percent (348,000) of the nonmanufacturing workers. They provided wage adjustments averaging 3.3 percent in the first year and 3.5 percent annually over the life of the contract. Corresponding adjustments under the contracts replaced by the new agreements were 2.0 percent and 2.6 percent.

By contrast, wage adjustments in manufacturing averaged less than those in nonmanufacturing--1.2 percent in the first contract year and 1.1 percent annually over the contract life. Potential wage changes triggered by COLA clauses, however, are provided in settlements for 54 percent of the workers in manufacturing compared with 26 percent in nonmanufacturing. (Data on settlements include specified wage changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the Consumer Price Index, unknown at the time of settlements.) (See Explanatory Note.) Moreover, lump-sum payments are called for in settlements for one-half the workers in manufacturing compared with three-tenths of those in nonmanufacturing.

Wage adjustments for the 470,000 workers under first 9 months settlements that included lump-sum payments averaged 1.2 percent in the first contract year and 1.3 percent a year over the contract term. Corresponding averages for workers receiving no lump-sum payments were 2.6 and 2.9 percent. Lump-sum provisions were negotiated in a variety of industries, but primarily in automobile manufacturing, retail food, and transportation.

Contracts for sixty-five percent (820,000) of the workers under settlements in the first 9 months have no COLA clause. These contracts specified average wage adjustments of 2.5 percent a year over their life, compared with 1.8 percent for contracts with COLA clauses.

About 6 percent (75,000) of the workers under settlements in the first 9 months had their COLA clauses dropped or suspended, including 57,000 workers in the steel industry. By contrast, COLA clauses were established for 5,200 workers during this period. These developments contributed to lowering the proportion of workers under major private industry agreements with COLA clauses from 40 percent at the end of 1986 to 38 percent at the end of September 1987.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. Settlements reached in the first 9 months of 1987 provided compensation adjustments of 2.9 percent in the first contract year and 2.8 percent annually over the life of the contract.

## Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in the first 9 months of 1987, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Effective wage adjustments in the first 9 months of 1987 averaged (in percent):

| | For workers receiving wage change(s) | For all workers (prorated) |
|---|---|---|
| All adjustments ........... | 3.2 | 2.3 |
| New settlements ......... | 2.8 | 0.4 |
| Deferred adjustments .... | 3.2 | 1.6 |
| COLA .................... | 1.8 | 0.3 |

Wage changes (increases and decreases) put into effect in the first 9 months of 1987 averaged 3.2 percent for the 4.6 million workers who received them. When this net wage gain was averaged over all 6.4 million workers covered by major agreements, the effective wage adjustment was 2.3 percent.

In the 4-quarter period ended September 30, 1987, effective wage adjustments for all workers averaged 2.6 percent. This was the second consecutive 4-quarter period in which wage adjustments increased following 3 years of steady decline that culminated in the record low 2.0 percent adjustment for the 4 quarters ended March 31, 1987 (table 10).

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes, the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 2,056,000 workers that had COLA reviews in the first 9 months of 1987, about 1,200,000 had COLA-triggered wage increases averaging 1.8 percent. Reviews for the remaining workers yielded no wage changes largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in the first 9 months of 1987 averaged 43 percent of the price change during the COLA review period.

Fourth-quarter 1987 bargaining activity

As noted earlier, there were 737,000 workers under 113 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to October 1, 1987; 45 percent of these workers are employed by General Motors. In addition, 195,000 workers are under 59 major agreements scheduled to expire or reopen for wage negotiations during October-December 1987. These agreements are concentrated in the electric and gas utilities, airlines, and construction industries.

About 658,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 2.5 percent during the fourth quarter of 1987. These changes will be made under provisions of agreements negotiated earlier. About 675,000 workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wages and benefits.

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration data or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached in a prior period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for the first 9 months of 1987 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1988.

Additional historical information is available from the Office of Wages and Industrial Relations, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and issued semi-annually. Information for the first 6 months of 1987 was released in August.

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Major private industry collective bargaining settlements data for all of 1987 will be released on Tuesday, January 26, 1988, at 10:00 A.M. (EST).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments[1] in collective bargaining settlements, first nine months of 1987.
(in percent)

| Measure | First-year adjustments[2] | Annual adjustments over life of contracts[3] | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 2.1 | 2.3 | 1,256 |
| Contracts with COLA clauses | 2.2 | 1.8 | 436 |
| Contracts without COLA clauses | 2.0 | 2.5 | 820 |
| Manufacturing | 1.2 | 1.1 | 397 |
| Contracts with COLA clauses | 2.0 | .9 | 214 |
| Contracts without COLA clauses | .2 | 1.3 | 183 |
| Nonmanufacturing | 2.5 | 2.9 | 860 |
| Contracts with COLA clauses | 2.3 | 2.7 | 222 |
| Contracts without COLA clauses | 2.6 | 2.9 | 637 |
| Construction[4] | 3.3 | 3.5 | 348 |
| All industries excluding construction[4] | 1.6 | 1.8 | 908 |
| Nonmanufacturing excluding construction[4] | 2.0 | 2.4 | 512 |
| Goods-producing | 2.1 | 2.2 | 745 |
| Contracts with COLA clauses | 2.0 | .9 | 215 |
| Contracts without COLA clauses | 2.2 | 2.7 | 530 |
| Service-producing | 2.0 | 2.4 | 512 |
| Contracts with COLA clauses | 2.3 | 2.7 | 221 |
| Contracts without COLA clauses | 1.8 | 2.3 | 291 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 2.9 | 2.8 | 711 |
| Contracts with COLA clauses | 3.3 | 2.7 | 330 |
| Contracts without COLA clauses | 2.5 | 2.8 | 381 |
| Manufacturing | 2.1 | 1.6 | 263 |
| Contracts with COLA clauses | 3.0 | 1.7 | 149 |
| Contracts without COLA clauses | .9 | 1.5 | 114 |
| Nonmanufacturing | 3.3 | 3.4 | 448 |
| Contracts with COLA clauses | 3.5 | 3.5 | 181 |
| Contracts without COLA clauses | 3.2 | 3.4 | 267 |
| Construction | 5.1 | 4.9 | 115 |
| Contracts without COLA clauses | 5.1 | 4.9 | 115 |
| All industries excluding construction | 2.4 | 2.3 | 596 |
| Contracts with COLA clauses | 3.3 | 2.7 | 330 |
| Contracts without COLA clauses | 1.4 | 1.9 | 266 |
| Nonmanufacturing excluding construction | 2.7 | 2.9 | 333 |
| Contracts with COLA clauses | 3.5 | 3.5 | 181 |
| Contracts without COLA clauses | 1.7 | 2.2 | 152 |
| Goods-producing | 3.0 | 2.6 | 377 |
| Contracts with COLA clauses | 3.0 | 1.7 | 149 |
| Contracts without COLA clauses | 3.0 | 3.2 | 228 |
| Service-producing | 2.7 | 2.9 | 333 |
| Contracts with COLA clauses | 3.5 | 3.5 | 181 |
| Contracts without COLA clauses | 1.7 | 2.2 | 152 |

---

[1] Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

[2] Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

[3] Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

[4] Data by COLA coverage do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments1/ in collective bargaining settlements covering 1,000 workers or more, first nine months of 1987.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands)................ | 1,256 | 397 | 860 |
| Percent of workers | | | |
| All settlements.................................... | 100 | 100 | 100 |
| No wage change.................................. | 27 | 33 | 24 |
| Decreases3/..................................... | 6 | 8 | 5 |
| Increases....................................... | 68 | 59 | 72 |
| Under 2 percent.............................. | 7 | 5 | 7 |
| 2 and under 4 percent........................ | 36 | 43 | 33 |
| 4 and under 6 percent........................ | 18 | 11 | 21 |
| 6 percent and over .......................... | 7 | 1 | 10 |
| Adjustments (in percent): | | | |
| Mean adjustment.................................... | 2.1 | 1.2 | 2.5 |
| Median adjustment.................................. | 2.5 | 2.5 | 2.5 |
| Mean increase.................................. | 3.8 | 3.0 | 4.1 |
| Median increase................................ | 3.2 | 2.8 | 3.6 |
| Mean decrease.................................. | -7.9 | -8.0 | -7.9 |
| Median decrease................................ | -8.1 | -8.1 | -8.2 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments[1] over the life of the contract in collective bargaining settlements covering 1,000 workers or more, first nine months of 1987.

| Measure[2] | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 1,256 | 397 | 860 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 15 | 22 | 11 |
| Decreases[3] | 5 | 8 | 4 |
| Increases | 80 | 69 | 85 |
| Under 2 percent | 29 | 51 | 18 |
| 2 and under 4 percent | 25 | 12 | 31 |
| 4 and under 6 percent | 20 | 5 | 26 |
| 6 percent and over | 7 | 2 | 9 |
| Adjustments (in percent): | | | |
| Mean adjustment | 2.3 | 1.1 | 2.9 |
| Median adjustment | 2.0 | .9 | 2.4 |
| Mean increase | 3.1 | 1.8 | 3.5 |
| Median increase | 2.4 | .9 | 3.3 |
| Mean decrease | -3.0 | -2.1 | -3.8 |
| Median decrease | -2.1 | -2.1 | -2.8 |

[1] See note 1, table 1.
[2] See note 3, table 1.
[3] Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment1/ in collective bargaining settlements covering 5,000 workers or more, first nine months of 1987.

| Measure | First-year adjustments2/ |
|---|---|
| Total number of workers (in thousands) | 711 |
| Percent of workers | |
| All settlements | 100 |
| No change | 3 |
| Decreases3/ | 13 |
| Increases | 83 |
| Under 2 percent | 8 |
| 2 and under 4 percent | 40 |
| 4 and under 6 percent | 27 |
| 6 and under 8 percent | 7 |
| 8 percent and over | 2 |
| Adjustments (in percent) | |
| Mean adjustment | 2.9 |
| Median adjustment | 3.6 |
| Mean increase | 4.0 |
| Median increase | 3.6 |
| Mean decrease | -3.5 |
| Median decrease | -1.7 |
| | Adjustments averaged over life of contract4/ |
| Total number of workers (in thousands) | 711 |
| Percent of workers | |
| All settlements | 100 |
| No change | 3 |
| Decreases3/ | 4 |
| Increases | 93 |
| Under 2 percent | 25 |
| 2 and under 4 percent | 37 |
| 4 and under 6 percent | 26 |
| 6 and under 8 percent | 3 |
| 8 percent and over | 1 |
| Adjustments (in percent) | |
| Mean adjustment | 2.8 |
| Median adjustment | 2.0 |
| Mean increase | 3.0 |
| Median increase | 2.9 |
| Mean decrease | -1.8 |
| Median decrease | -2.1 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment1/ in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, first nine months of 1987.

| Measure | First-year adjustments2/ | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 348 | 348 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 13 | 21 |
| Decreases3/ | 1 | 2 |
| Increases | 85 | 78 |
| Under 2 percent | 15 | 15 |
| 2 and under 4 percent | 17 | 26 |
| 4 and under 6 percent | 34 | 18 |
| 6 and under 8 percent | 14 | 13 |
| 8 percent and over | 4 | 6 |
| Adjustments (in percent) | | |
| Mean adjustment | 3.7 | 3.3 |
| Median adjustment | 4.2 | 3.2 |
| Mean increase | 4.4 | 4.4 |
| Median increase | 4.6 | 3.8 |
| Mean decrease | -3.9 | -7.5 |
| Median decrease | -.2 | -9.0 |
| | Adjustments averaged over life of contract4/ | |
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 348 | 348 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 11 | 16 |
| Decreases3/ | 1 | 2 |
| Increases | 88 | 82 |
| Under 2 percent | 18 | 19 |
| 2 and under 4 percent | 17 | 13 |
| 4 and under 6 percent | 38 | 29 |
| 6 and under 8 percent | 14 | 15 |
| 8 percent and over | (5) | 6 |
| Adjustments (in percent) | | |
| Mean adjustment | 3.6 | 3.5 |
| Median adjustment | 4.2 | 4.0 |
| Mean increase | 4.2 | 4.4 |
| Median increase | 4.6 | 4.5 |
| Mean decrease | 6/ | -8.2 |
| Median decrease | 6/ | -10.2 |

1/ See note 1, table 1.

2/ See note 2, table 1.

3/ Distributions are not shown to protect confidentiality.

4/ See note 3, table 1.

5/ More than 0 and less than 0.5 percent.

6/ Data do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments[1] in collective bargaining settlements covering 1,000 workers or more by duration of contract, first nine months of 1987.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 318 | 32 | 26 | 46 | 38 | 120 | 56 |
| Number of workers (in thousands) | 1,256 | 85 | 58 | 116 | 130 | 568 | 299 |
| Average duration (months) | 32.9 | 11.1 | 17.0 | 24.0 | 33.3 | 36.0 | 39.6 |
| Percent adjustment in: | | | | | | | |
| First contract year | 2.1 | 1.2 | 1.8 | 4.1 | 1.5 | 2.6 | .9 |
| Second contract year[2] | 2.4 | - | .5 | 4.3 | 1.9 | 3.2 | .8 |
| Third contract year[3] | 2.2 | - | - | - | .5 | 3.3 | .9 |
| Average annual percent adjustment over life of contract | 2.3 | 1.5 | 1.6 | 4.2 | 1.4 | 3.0 | .9 |

[1] See note 1, table 1.
[2] Average is based only on settlements with a duration greater than 12 months.
[3] Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached by quarter and year, third quarter 1986 - third quarter 1987. (in percent)

| Measure | 1986 | | | 1987 | | |
|---|---|---|---|---|---|---|
| | III | IV | Full year | I2/ | II2/ | III3/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries.................. | 0.8 | 2.0 | 1.2 | 1.2 | 2.6 | 2.1 |
| Contracts with COLA clauses... | 1.5 | 2.0 | 1.9 | 2.8 | 1.6 | 2.2 |
| Contracts without COLA clauses | .3 | 2.0 | .9 | .4 | 2.9 | 1.9 |
| Manufacturing................... | -3.3 | 1.1 | -1.2 | -1.1 | 1.2 | 2.3 |
| Contracts with COLA clauses... | -.1 | 2.5 | 1.3 | 1.4 | 1.0 | 2.8 |
| Contracts without COLA clauses | -5.2 | -1.7 | -2.8 | -2.9 | 1.4 | 1.6 |
| Nonmanufacturing................ | 1.9 | 2.3 | 2.0 | 2.7 | 3.0 | 1.9 |
| Contracts with COLA clauses... | 2.0 | 1.7 | 2.1 | 4.4 | 2.2 | 1.8 |
| Contracts without COLA clauses | 1.9 | 2.7 | 2.0 | 2.1 | 3.1 | 2.0 |
| Construction.................... | 2.4 | (5) | 2.2 | 2.0 | 3.2 | 4.3 |
| All industries excluding construction.................. | .5 | 2.1 | .9 | 1.1 | 2.0 | 1.7 |
| Nonmanufacturing excluding construction.................. | 1.8 | 2.5 | 1.9 | 2.9 | 2.6 | 1.3 |
| Annual average over life of contract6/ | | | | | | |
| All industries.................. | 1.5 | 2.1 | 1.8 | 1.8 | 2.9 | 2.0 |
| Contracts with COLA clauses... | 1.5 | 1.6 | 1.7 | 2.6 | 1.9 | 1.5 |
| Contracts without COLA clauses | 1.5 | 2.6 | 1.8 | 1.4 | 3.1 | 2.4 |
| Manufacturing................... | -.9 | .9 | .2 | .1 | 1.6 | 1.3 |
| Contracts with COLA clauses... | .3 | 1.1 | .9 | .8 | .8 | 1.0 |
| Contracts without COLA clauses | -1.7 | .4 | -.2 | -.5 | 2.6 | 1.7 |
| Nonmanufacturing................ | 2.2 | 2.6 | 2.3 | 3.0 | 3.2 | 2.4 |
| Contracts with COLA clauses... | 1.8 | 1.9 | 2.1 | 4.4 | 3.0 | 2.0 |
| Contracts without COLA clauses | 2.4 | 3.0 | 2.4 | 2.4 | 3.2 | 2.6 |
| Construction.................... | 2.7 | .2 | 2.5 | 2.2 | 3.4 | 4.4 |
| All industries excluding construction.................. | 1.3 | 2.2 | 1.6 | 1.7 | 2.4 | 1.6 |
| Nonmanufacturing excluding construction.................. | 2.1 | 2.8 | 2.2 | 3.2 | 2.9 | 1.8 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries.................. | .7 | 2.7 | 1.1 | 1.7 | 4.1 | 2.5 |
| Contracts with COLA clauses... | 1.7 | 2.5 | 2.0 | 4.3 | 2.8 | 3.2 |
| Contracts without COLA clauses | -.1 | 3.0 | .5 | .7 | 4.7 | 1.3 |
| Annual average over life of contract6/ | | | | | | |
| All industries.................. | 1.2 | 2.4 | 1.6 | 2.4 | 3.9 | 2.1 |
| Contracts with COLA clauses... | 1.6 | 1.7 | 1.7 | 3.9 | 2.6 | 2.5 |
| Contracts without COLA clauses | .9 | 3.4 | 1.5 | 1.7 | 4.6 | 1.6 |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ More than 0 and less than 0.5 percent.
6/ See note 3, table 1.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, by quarter and year, third quarter 1986 - third quarter 1987.
(in percent)

| Characteristic | 1986 | | | 1987 | | |
|---|---|---|---|---|---|---|
| | III | IV | Full Year | I1/ | II1/ | III2/ |
| Adjustments (prorated over all workers)3/ | | | | | | |
| Total effective adjustments | 0.5 | 0.5 | 2.3 | 0.4 | 1.0 | 0.9 |
| Source: | | | | | | |
| Current settlements | .1 | .2 | .5 | 4/ | .1 | .2 |
| Prior agreements | .5 | .2 | 1.7 | .3 | .7 | .6 |
| COLA provisions | 4/ | .1 | .2 | .1 | .2 | .1 |
| Industry | | | | | | |
| Manufacturing | 4/ | .4 | 1.5 | .3 | .9 | 1.0 |
| Nonmanufacturing | .9 | .5 | 2.9 | .4 | 1.1 | .9 |
| Nonmanufacturing excluding construction | .9 | .6 | 2.9 | .5 | .9 | .8 |
| Construction | 1.0 | .1 | 3.0 | .2 | 1.7 | 1.0 |
| Transportation and public utilities | 1.0 | .4 | 2.7 | .3 | 1.0 | .9 |
| Wholesale and retail trade | .7 | .7 | 2.9 | .8 | .5 | .3 |
| Services | 1.1 | 1.0 | 3.7 | .5 | .8 | 1.4 |
| Effective wage change for workers receiving changes5/ | | | | | | |
| Total effective wage change | 1.3 | 1.6 | 2.8 | 1.3 | 2.5 | 2.7 |
| Source: | | | | | | |
| Current settlements | .5 | 2.3 | 1.6 | 1.5 | 3.1 | 2.9 |
| Prior agreements | 3.1 | 2.6 | 3.9 | 2.3 | 3.1 | 2.7 |
| COLA provisions | 4/ | .6 | 1.0 | .5 | 1.1 | 1.5 |
| Total number of workers receiving wage change (in thousands)6/ | 2,639.3 | 1,905.5 | 5,367.3 | 1,740.7 | 2,637.2 | 2,107.7 |
| Source: | | | | | | |
| Current settlements | 826.4 | 601.1 | 1,912.2 | 176.5 | 302.1 | 466.4 |
| Prior agreements | 1,004.8 | 416.3 | 2,789.0 | 705.0 | 1,442.6 | 1,376.5 |
| COLA provisions | 849.4 | 916.5 | 1,405.6 | 917.6 | 1,013.8 | 463.2 |
| Number of workers not receiving a wage change (in thousands) | 3,880.8 | 4,614.7 | 1,152.8 | 4,623.2 | 3,726.7 | 4,256.3 |

1/ Preliminary revised.

2/ Preliminary.

3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.

4/ More than 0 and less than 0.05 percent.

5/ The total change reflects the worker weighted average of each source of wage change.

6/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 9. Average wage adjustments1/ in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1985 | | 1986 | | | | 1987 | | |
| | III | IV | I | II | III | IV | I2/ | II2/ | III3/ |
| All industries | | | | | | | | | |
| First year4/ | 2.4 | 2.3 | 2.0 | 1.6 | 1.2 | 1.2 | 1.2 | 1.5 | 2.1 |
| Contracts with COLA clauses | 1.9 | 1.6 | 1.6 | 1.8 | 2.2 | 1.9 | 2.0 | 1.8 | 2.1 |
| Contracts without COLA clauses | 2.7 | 2.7 | 2.2 | 1.5 | .8 | .9 | .9 | 1.4 | 2.0 |
| Over life of contract5/ | 2.5 | 2.7 | 2.5 | 2.2 | 1.7 | 1.8 | 1.8 | 2.0 | 2.2 |
| Contracts with COLA clauses | 1.8 | 2.5 | 2.5 | 2.5 | 2.0 | 1.7 | 1.8 | 1.7 | 1.7 |
| Contracts without COLA clauses | 3.0 | 2.8 | 2.5 | 2.1 | 1.6 | 1.8 | 1.8 | 2.2 | 2.6 |
| Manufacturing | | | | | | | | | |
| First year4/ | 1.5 | .8 | .8 | .1 | -1.0 | -1.2 | -1.6 | -.9 | 1.1 |
| Contracts with COLA clauses | 1.5 | .8 | .8 | .7 | 1.1 | 1.3 | 1.3 | 1.3 | 2.2 |
| Contracts without COLA clauses | 1.5 | .9 | .9 | -.4 | -2.0 | -2.8 | -3.5 | -2.9 | -.2 |
| Over life of contract5/ | 1.6 | 1.8 | 1.8 | 1.4 | .3 | .2 | 6/ | .2 | 1.0 |
| Contracts with COLA clauses | 1.4 | 2.1 | 2.1 | 2.0 | 1.1 | .9 | .8 | .8 | 1.0 |
| Contracts without COLA clauses | 2.4 | 1.6 | 1.5 | .9 | -.1 | -.2 | -.6 | -.3 | 1.1 |
| Nonmanufacturing | | | | | | | | | |
| First year4/ | 3.2 | 3.3 | 2.8 | 2.6 | 2.1 | 2.0 | 2.2 | 2.3 | 2.5 |
| Contracts with COLA clauses | 4.0 | 3.6 | 3.5 | 3.4 | 2.7 | 2.1 | 2.2 | 2.1 | 2.1 |
| Contracts without COLA clauses | 3.0 | 3.3 | 2.7 | 2.4 | 1.9 | 2.0 | 2.2 | 2.4 | 2.6 |
| Over life of contract5/ | 3.3 | 3.3 | 3.0 | 2.8 | 2.3 | 2.3 | 2.4 | 2.6 | 2.8 |
| Contracts with COLA clauses | 3.9 | 3.6 | 3.6 | 3.3 | 2.5 | 2.1 | 2.2 | 2.2 | 2.4 |
| Contracts without COLA clauses | 3.2 | 3.3 | 2.8 | 2.6 | 2.2 | 2.4 | 2.6 | 2.8 | 2.9 |
| Construction | | | | | | | | | |
| First year4/ | 1.0 | 1.5 | 1.6 | 2.3 | 2.3 | 2.2 | 2.4 | 2.7 | 3.0 |
| Contracts with COLA clauses | 7/ | 7/ | 7/ | 1.1 | 1.4 | 1.4 | 1.6 | 3.7 | 7/ |
| Contracts without COLA clauses | 7/ | 7/ | 7/ | 2.4 | 2.4 | 2.3 | 2.4 | 2.7 | 7/ |
| Over life of contract5/ | 1.7 | 2.1 | 2.2 | 2.5 | 2.6 | 2.5 | 2.5 | 2.9 | 3.2 |
| Contracts with COLA clauses | 7/ | 7/ | 7/ | 1.2 | 1.6 | 1.6 | 1.4 | 3.8 | 7/ |
| Contracts without COLA clauses | 7/ | 7/ | 7/ | 2.6 | 2.6 | 2.5 | 2.6 | 2.9 | 7/ |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.
6/ More than 0 and less than 0.05 percent.
7/ Data for averages do not meet publication standards.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1985 | | 1986 | | | | 1987 | | |
| | III | IV | I | II | III | IV | I1/ | II1/ | III2/ |
| Total effective adjustments (prorated over all workers)3/.... | 3.5 | 3.3 | 3.1 | 2.9 | 2.3 | 2.3 | 2.0 | 2.2 | 2.6 |
| Source: | | | | | | | | | |
| From current settlements....... | .9 | .7 | .6 | .5 | .5 | .5 | .4 | .3 | .5 |
| From prior agreements.......... | 1.8 | 1.8 | 1.7 | 1.8 | 1.6 | 1.7 | 1.5 | 1.6 | 1.7 |
| From COLA...................... | .8 | .7 | .8 | .7 | .2 | .2 | .1 | .3 | .4 |
| Effective wage change for workers receiving change4/.............. | 4.3 | 4.1 | 4.0 | 3.8 | 3.1 | 2.8 | 2.5 | 2.8 | 3.2 |
| Source: | | | | | | | | | |
| From current settlements....... | 2.8 | 3.4 | 2.9 | 2.5 | 1.7 | 1.6 | 1.2 | 1.0 | 1.9 |
| From prior agreements.......... | 3.7 | 3.7 | 3.5 | 3.4 | 3.8 | 3.9 | 3.7 | 3.5 | 3.3 |
| From COLA...................... | 2.8 | 2.2 | 2.5 | 2.0 | 1.0 | 1.0 | .6 | 1.8 | 2.3 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8. Because of rounding, totals may not equal the sum of the parts.
4/ See note 5, table 8.

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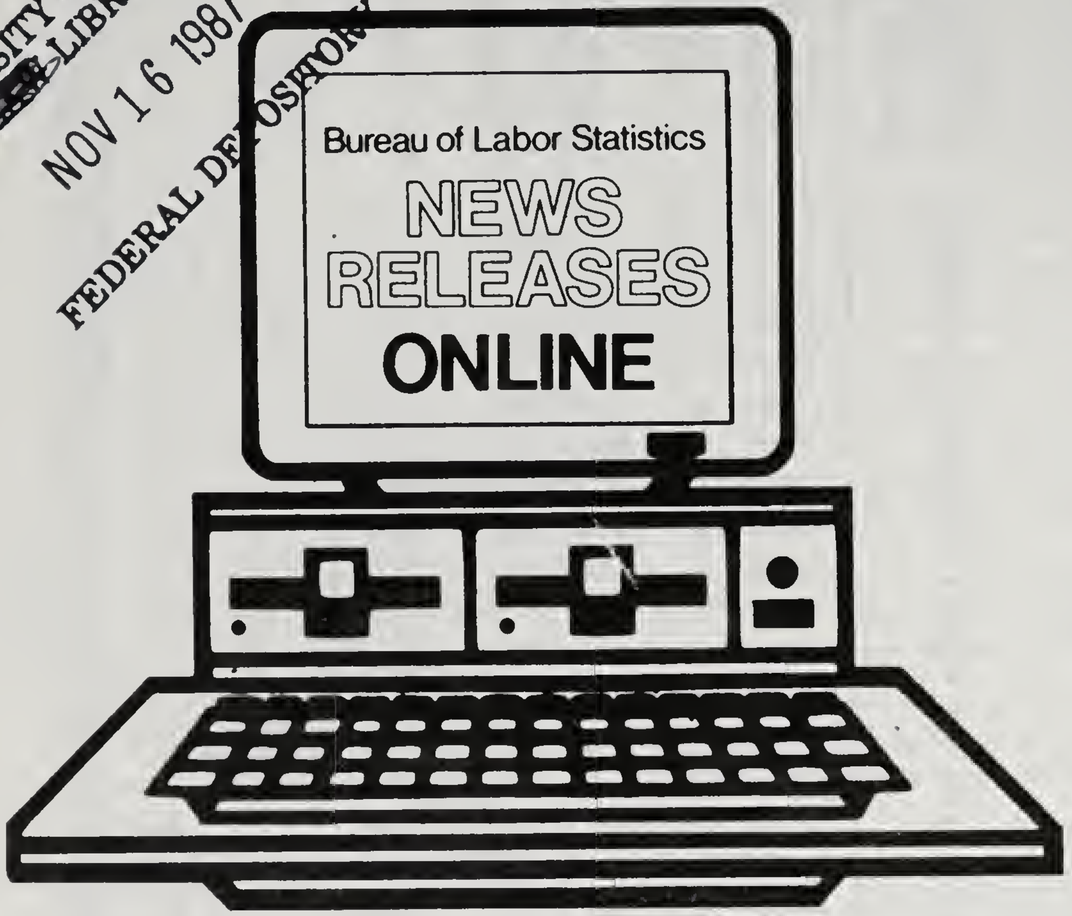

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, 1987

Major collective bargaining settlements reached in private industry during 1987 provided wage adjustments averaging 2.2 percent in the first contract year and 2.1 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The last time parties to these settlements negotiated, usually 2 to 3 years ago, wage adjustments (increases, decreases, and freezes) averaged the same as in 1987. This was the first year since 1982 (when data comparing current and previous settlements were introduced) that current settlements did not provide lower average wage adjustments than the bargaining agreements they replaced.

Agreements covering about one-half of the 2,037,000 workers under 1987 settlements provided lump-sum payments, typically granted instead of wage increases or to offset wage cuts. Agreements with lump-sum payments had lower average wage adjustments than those without such payments. Lump- sum payments are excluded from the Bureau's collective bargaining series.

The Bureau's major collective bargaining agreements series for private industry covers 6.3 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in 1987, this release includes information on wage changes effective in the year that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLAs).

## Settlements in 1987

Average wage adjustments under settlements in the construction industry (covering nearly one-fifth of the workers under 1987 settlements) were higher than in all other industries. Construction agreements averaged 2.9 percent in the first contract year and 3.1 percent annually over their term. Corresponding averages in other industries were 2.1 and 1.9 percent.

Wage adjustments in 1987 manufacturing settlements (1.3 percent a year over their term) were lower than in nonmanufacturing (2.7 percent a year). Seven-tenths of the workers under manufacturing settlements, however, may receive additional wage changes stemming from COLA clauses compared with one-fourth of those under nonmanufacturing settlements. Moreover, contracts that provide lump sum payments covered almost three-fourths of the workers under manufacturing settlements contrasted with about one-third of those under nonmanufacturing settlements. Settlement data exclude both potential wage changes resulting from COLA clauses that depend upon future changes in the CPI and lump sum payments. (See explanatory note.)

Wage adjustments for the 1,063,000 workers under 1987 settlements that included lump-sum payments averaged 1.7 percent in the first contract year and 1.2 percent a year over the contract term. Corresponding averages for workers receiving no lump-sum payments were 2.9 and 3.0 percent. Lump-sum provisions were negotiated in a variety of industries, but primarily in automobile manufacturing, retail food, and transportation.

Contracts for 55 percent (1,117,000) of the workers under settlements in 1987 have no COLA clause. These contracts specified average wage adjustments of 2.6 percent a year over their life, compared with 1.5 percent for contracts with COLA clauses.

About 4 percent (79,000) of the workers under settlements in 1987 had their COLA clauses dropped or suspended, including 57,000 workers in the steel industry. By contrast, COLA clauses were established for 5,200 workers during the year. These developments contributed to lowering the proportion of workers under major private industry agreements with COLA clauses from 40 percent at the end of 1986 to 38 percent at the end of 1987.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. Settlements reached in 1987 provided compensation adjustments of 3.1 percent in the first contract year and 2.6 percent annually over the life of the contract.

### Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in 1987, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Effective wage adjustments in 1987 averaged (in percent):

| | For workers receiving wage change(s) | For all workers (prorated) |
|---|---|---|
| All adjustments .......... | 3.6 | 3.1 |
| New settlements ........ | 2.9 | 0.7 |
| Deferred adjustments .... | 3.3 | 1.8 |
| COLA .................. | 2.6 | 0.5 |

Wage changes (increases and decreases) put into effect in 1987 averaged 3.6 percent for the 5.4 million workers who received them. When this net wage gain was averaged over all 6.3 million workers covered by major agreements, the effective wage adjustment was 3.1 percent in 1987. This was the third consecutive 4-quarter period in which the size of the effective wage adjustments increased following 3 years of steady decline that culminated in the record low 2.0 percent adjustment for the 4 quarters ended March 31, 1987. (See table 10.)

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes (typically based on the Bureau's Consumer Price Index--CPI), the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 2,077,000 workers that had COLA reviews in 1987, 1,275,000 had COLA-triggered wage increases averaging 2.6 percent. Reviews for the remaining workers yielded no wage changes largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in 1987 averaged 43 percent of the price change during the COLA review period.

### First-quarter 1988 bargaining activity

There were 186,000 workers under 60 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to January 1, 1988. In addition, 521,000 workers are under 88 major agreements scheduled to expire or reopen for wage negotiations during January-March 1988.

These workers are concentrated in the trucking, bituminous coal mining, oil refining, and construction industries.

About 668,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 2.6 percent during the first quarter of 1988. These changes will be made under provisions of agreements negotiated earlier. About 1,537,000 workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wages and benefits.

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those

made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration data or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached in a prior period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for 1987 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1988.

Additional historical information is available from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and issued semi-annually. Information for 1987 will be released in February.

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Major private industry collective bargaining settlements data for the first quarter of 1988 will be released on Tuesday, April 26, 1988, at 10:00 A.M. (EDT).

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PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments1/ in collective bargaining settlements, 1987
(in percent)

| Measure | First-year adjustments2/ | Annual adjustments over life of contracts3/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 2.2 | 2.1 | 2,037 |
| Contracts with COLA clauses | 2.3 | 1.5 | 920 |
| Contracts without COLA clauses | 2.2 | 2.6 | 1,117 |
| Manufacturing | 2.1 | 1.3 | 910 |
| Contracts with COLA clauses | 2.4 | 1.0 | 644 |
| Contracts without COLA clauses | 1.3 | 2.1 | 267 |
| Nonmanufacturing | 2.4 | 2.7 | 1,126 |
| Contracts with COLA clauses | 1.9 | 2.7 | 276 |
| Contracts without COLA clauses | 2.5 | 2.8 | 850 |
| Construction4/ | 2.9 | 3.1 | 384 |
| All industries excluding construction4/ | 2.1 | 1.9 | 1,653 |
| Nonmanufacturing excluding construction4/ | 2.1 | 2.5 | 742 |
| Goods-producing | 2.3 | 1.8 | 1,294 |
| Contracts with COLA clauses | 2.4 | 1.0 | 645 |
| Contracts without COLA clauses | 2.3 | 2.7 | 649 |
| Service-producing | 2.1 | 2.5 | 742 |
| Contracts with COLA clauses | 1.9 | 2.7 | 274 |
| Contracts without COLA clauses | 2.2 | 2.5 | 468 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 3.1 | 2.6 | 1,308 |
| Contracts with COLA clauses | 3.2 | 2.3 | 778 |
| Contracts without COLA clauses | 2.9 | 2.9 | 530 |
| Manufacturing | 3.1 | 2.1 | 705 |
| Contracts with COLA clauses | 3.4 | 2.0 | 546 |
| Contracts without COLA clauses | 2.1 | 2.3 | 159 |
| Nonmanufacturing | 3.1 | 3.2 | 603 |
| Contracts with COLA clauses | 2.7 | 3.2 | 232 |
| Contracts without COLA clauses | 3.3 | 3.2 | 371 |
| Construction | 4.9 | 4.6 | 121 |
| Contracts without COLA clauses | 4.9 | 4.6 | 121 |
| All industries excluding construction | 2.9 | 2.4 | 1,188 |
| Contracts with COLA clauses | 3.2 | 2.3 | 778 |
| Contracts without COLA clauses | 2.3 | 2.5 | 409 |
| Nonmanufacturing excluding construction | 2.6 | 2.8 | 483 |
| Contracts with COLA clauses | 2.7 | 3.2 | 232 |
| Contracts without COLA clauses | 2.5 | 2.5 | 251 |
| Goods-producing | 3.4 | 2.4 | 826 |
| Contracts with COLA clauses | 3.4 | 2.0 | 546 |
| Contracts without COLA clauses | 3.3 | 3.3 | 279 |
| Service-producing | 2.6 | 2.8 | 483 |
| Contracts with COLA clauses | 2.7 | 3.2 | 232 |
| Contracts without COLA clauses | 2.5 | 2.5 | 251 |

---

1/ Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

2/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

3/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

4/ Data by COLA coverage do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments[1] in collective bargaining settlements covering 1,000 workers or more, 1987.

| Measure[2] | All industries | Manufacturing | Nonmanufacturing |
|---|---|---|---|
| Total number of workers (in thousands) | 2,037 | 910 | 1,126 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 23 | 17 | 28 |
| Decreases[3] | 4 | 4 | 4 |
| Increases | 73 | 79 | 68 |
| Under 2 percent | 6 | 5 | 7 |
| 2 and under 4 percent | 45 | 61 | 32 |
| 4 and under 6 percent | 18 | 13 | 21 |
| 6 percent and over | 5 | (4) | 8 |
| Adjustments (in percent): | | | |
| Mean adjustment | 2.2 | 2.1 | 2.4 |
| Median adjustment | 2.8 | 2.8 | 2.5 |
| Mean increase | 3.5 | 3.0 | 4.0 |
| Median increase | 2.8 | 2.8 | 3.7 |
| Mean decrease | -8.2 | -8.0 | -8.4 |
| Median decrease | -8.1 | -8.1 | -8.3 |

[1] See note 1, table 1.
[2] See note 2, table 1.
[3] Distributions are not shown to protect confidentiality.
[4] Less than 0.5 percent.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments[1] over the life of the contract in collective bargaining settlements covering 1,000 workers or more, 1987.

| Measure[2] | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 2,037 | 910 | 1,126 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 11 | 11 | 11 |
| Decreases[3] | 3 | 4 | 3 |
| Increases | 86 | 85 | 86 |
| Under 2 percent | 39 | 66 | 18 |
| 2 and under 4 percent | 25 | 10 | 38 |
| 4 and under 6 percent | 17 | 9 | 24 |
| 6 percent and over | 5 | 1 | 7 |
| Adjustments (in percent): | | | |
| Mean adjustment | 2.1 | 1.3 | 2.7 |
| Median adjustment | 1.6 | .9 | 2.5 |
| Mean increase | 2.6 | 1.6 | 3.4 |
| Median increase | 2.2 | .9 | 3.0 |
| Mean decrease | -3.6 | -2.1 | -4.9 |
| Median decrease | -2.1 | -2.1 | -2.8 |

[1] See note 1, table 1.

[2] See note 3, table 1.

[3] Distributions are not shown to protect confidentiality.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment1/ in collective bargaining settlements covering 5,000 workers or more, 1987.

| Measure | First-year adjustments2/ |
|---|---|
| Total number of workers (in thousands) | 1,308 |
| Percent of workers | |
| All settlements | 100 |
| No change | 7 |
| Decreases3/ | 7 |
| Increases | 86 |
| Under 2 percent | 6 |
| 2 and under 4 percent | 54 |
| 4 and under 6 percent | 20 |
| 6 and under 8 percent | 5 |
| 8 percent and over | 1 |
| Adjustments (in percent) | |
| Mean adjustment | 3.1 |
| Median adjustment | 3.8 |
| Mean increase | 3.9 |
| Median increase | 3.8 |
| Mean decrease | -3.5 |
| Median decrease | -1.7 |
| | Adjustments averaged over life of contract4/ |
| Total number of workers (in thousands) | 1,308 |
| Percent of workers | |
| All settlements | 100 |
| No change | 2 |
| Decreases3/ | 2 |
| Increases | 96 |
| Under 2 percent | 16 |
| 2 and under 4 percent | 59 |
| 4 and under 6 percent | 19 |
| 6 and under 8 percent | 2 |
| 8 percent and over | 1 |
| Adjustments (in percent) | |
| Mean adjustment | 2.6 |
| Median adjustment | 2.1 |
| Mean increase | 2.7 |
| Median increase | 2.1 |
| Mean decrease | 5/ |
| Median decrease | 5/ |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 3, table 1.
5/ Data do not meet publication standards.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment1/ in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, 1987.

| Measure | First-year adjustments2/ | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 384 | 384 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 14 | 22 |
| Decreases3/ | 2 | 2 |
| Increases | 84 | 76 |
| Under 2 percent | 17 | 16 |
| 2 and under 4 percent | 16 | 26 |
| 4 and under 6 percent | 33 | 17 |
| 6 and under 8 percent | 14 | 12 |
| 8 percent and over | 4 | 6 |
| Adjustments (in percent) | | |
| Mean adjustment | 3.5 | 2.9 |
| Median adjustment | 4.1 | 2.9 |
| Mean increase | 4.3 | 4.2 |
| Median increase | 4.4 | 3.7 |
| Mean decrease | -8.9 | -11.1 |
| Median decrease | -8.1 | -14.8 |
| | Adjustments averaged over life of contract4/ | |
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 384 | 384 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 12 | 17 |
| Decreases3/ | 2 | 2 |
| Increases | 87 | 81 |
| Under 2 percent | 19 | 21 |
| 2 and under 4 percent | 17 | 13 |
| 4 and under 6 percent | 37 | 28 |
| 6 and under 8 percent | 14 | 14 |
| 8 percent and over | (5) | 5 |
| Adjustments (in percent) | | |
| Mean adjustment | 3.4 | 3.1 |
| Median adjustment | 4.2 | 3.7 |
| Mean increase | 4.1 | 4.2 |
| Median increase | 4.4 | 4.5 |
| Mean decrease | -10.8 | -11.6 |
| Median decrease | -15.3 | -16.1 |

1/ See note 1, table 1.
2/ See note 2, table 1.

3/ Distributions are not shown to protect confidentiality.
4/ See note 3, table 1.
5/ More than 0 and less than 0.5 percent.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments1/ in collective bargaining settlements covering 1,000 workers or more by duration of contract, 1987.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements.................. | 422 | 45 | 38 | 50 | 60 | 156 | 73 |
| Number of workers (in thousands)........ | 2,037 | 124 | 81 | 122 | 589 | 737 | 383 |
| Average duration (months).............. | 33.2 | 10.8 | 16.5 | 24.0 | 33.7 | 36.0 | 40.7 |
| Percent adjustment in: | | | | | | | |
| First contract year.............. | 2.2 | .9 | 2.1 | 4.1 | 2.6 | 2.7 | .8 |
| Second contract year2/........... | 2.0 | - | .5 | 4.2 | .6 | 3.2 | 1.2 |
| Third contract year3/............ | 1.9 | - | - | - | .6 | 3.4 | 1.3 |
| Average annual percent adjustment over life of contract..................... | 2.1 | 1.3 | 1.8 | 4.1 | 1.3 | 3.1 | 1.1 |

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1/ See note 1, table 1.
2/ Average is based only on settlements with a duration greater than 12 months.
3/ Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached in 1986 and, by quarter, 1987.
(in percent)

| Measure | 1986 | 1987 | | | | |
|---|---|---|---|---|---|---|
| | Full year | I2/ | II2/ | III2/ | IV3/ | Full year3/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries | 1.2 | 1.2 | 2.6 | 2.1 | 2.4 | 2.2 |
| Contracts with COLA clauses | 1.9 | 2.8 | 1.6 | 2.2 | 2.4 | 2.3 |
| Contracts without COLA clauses | .9 | .4 | 2.9 | 2.1 | 2.6 | 2.2 |
| Manufacturing | -1.2 | -.9 | 1.3 | 2.2 | 2.8 | 2.1 |
| Contracts with COLA clauses | 1.3 | 1.4 | 1.0 | 2.6 | 2.6 | 2.4 |
| Contracts without COLA clauses | -2.8 | -2.4 | 1.6 | 1.5 | 4.1 | 1.3 |
| Nonmanufacturing | 2.0 | 2.7 | 3.0 | 2.1 | 1.7 | 2.4 |
| Contracts with COLA clauses | 2.1 | 4.4 | 2.2 | 1.8 | .1 | 1.9 |
| Contracts without COLA clauses | 2.0 | 2.1 | 3.1 | 2.3 | 2.0 | 2.5 |
| Construction | 2.2 | 2.0 | 3.2 | 3.9 | -1.1 | 2.9 |
| All industries excluding construction | .9 | 1.1 | 2.0 | 1.8 | 2.6 | 2.1 |
| Nonmanufacturing excluding construction | 1.9 | 2.9 | 2.6 | 1.6 | 1.9 | 2.1 |
| Annual average over life of contract5/ | | | | | | |
| All industries | 1.8 | 1.8 | 2.9 | 2.0 | 1.8 | 2.1 |
| Contracts with COLA clauses | 1.7 | 2.6 | 1.9 | 1.5 | 1.2 | 1.5 |
| Contracts without COLA clauses | 1.8 | 1.4 | 3.2 | 2.4 | 2.7 | 2.6 |
| Manufacturing | .2 | .1 | 1.7 | 1.2 | 1.5 | 1.3 |
| Contracts with COLA clauses | .9 | .8 | .8 | 1.0 | 1.0 | 1.0 |
| Contracts without COLA clauses | -.2 | -.3 | 2.7 | 1.7 | 4.2 | 2.1 |
| Nonmanufacturing | 2.3 | 3.0 | 3.2 | 2.5 | 2.3 | 2.7 |
| Contracts with COLA clauses | 2.1 | 4.4 | 3.0 | 2.0 | 2.5 | 2.7 |
| Contracts without COLA clauses | 2.4 | 2.4 | 3.2 | 2.7 | 2.2 | 2.8 |
| Construction | 2.5 | 2.2 | 3.4 | 4.1 | -.9 | 3.1 |
| All industries excluding construction | 1.6 | 1.7 | 2.4 | 1.6 | 1.8 | 1.9 |
| Nonmanufacturing excluding construction | 2.2 | 3.2 | 2.9 | 2.0 | 2.6 | 2.5 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries | 1.1 | 1.7 | 4.1 | 2.5 | 3.4 | 3.1 |
| Contracts with COLA clauses | 2.0 | 4.3 | 2.8 | 3.2 | 3.2 | 3.2 |
| Contracts without COLA clauses | .5 | .7 | 4.7 | 1.3 | 4.0 | 2.9 |
| Annual average over life of contract5/ | | | | | | |
| All industries | 1.6 | 2.4 | 3.9 | 2.1 | 2.4 | 2.6 |
| Contracts with COLA clauses | 1.7 | 3.9 | 2.6 | 2.5 | 2.1 | 2.3 |
| Contracts without COLA clauses | 1.5 | 1.7 | 4.6 | 1.6 | 3.3 | 2.9 |

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1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, 1986 and, by quarter, 1987.
(in percent)

| Characteristic | 1986 | 1987 | | | | |
|---|---|---|---|---|---|---|
| | Full Year | I1/ | II1/ | III1/ | IV2/ | Full Year2/ |
| Adjustments (prorated over all workers)3/ | | | | | | |
| Total effective adjustments .......... | 2.3 | 0.4 | 1.0 | 0.9 | 0.8 | 3.1 |
| Source: | | | | | | |
| Current settlements.............. | .5 | 4/ | .2 | .2 | .3 | .7 |
| Prior agreements................ | 1.7 | .3 | .7 | .6 | .3 | 1.8 |
| COLA provisions................. | .2 | .1 | .2 | .1 | .2 | .5 |
| Industry | | | | | | |
| Manufacturing...................... | 1.5 | .3 | .9 | 1.0 | 1.2 | 3.4 |
| Nonmanufacturing.................. | 2.9 | .4 | 1.1 | .9 | .5 | 2.9 |
| Nonmanufacturing excluding construction..................... | 2.9 | .5 | .9 | .8 | .7 | 2.8 |
| Construction........................ | 3.0 | .2 | 1.7 | 1.0 | .1 | 3.1 |
| Transportation and public utilities. | 2.7 | .3 | 1.0 | .9 | .5 | 2.7 |
| Wholesale and retail trade.......... | 2.9 | .7 | .4 | .3 | .5 | 2.0 |
| Services........................... | 3.7 | .5 | .8 | 1.4 | 1.1 | 3.8 |
| Effective wage change for workers receiving changes5/ | | | | | | |
| Total effective wage change.......... | 2.8 | 1.4 | 2.5 | 2.7 | 2.4 | 3.6 |
| Source: | | | | | | |
| Current settlements.............. | 1.6 | 1.5 | 3.1 | 2.8 | 2.8 | 2.9 |
| Prior agreements................ | 3.9 | 2.3 | 3.1 | 2.7 | 2.5 | 3.3 |
| COLA provisions................. | 1.0 | .5 | 1.1 | 1.5 | 1.0 | 2.6 |
| Total number of workers receiving wage change (in thousands)6/.............. | 5,367.3 | 1,704.4 | 2,608.1 | 2,128.8 | 2,004.4 | 5,368.8 |
| Source: | | | | | | |
| Current settlements.............. | 1,912.2 | 180.3 | 305.6 | 477.8 | 739.0 | 1,612.6 |
| Prior agreements................ | 2,789.0 | 694.7 | 1,437.4 | 1,378.5 | 654.0 | 3,548.7 |
| COLA provisions................. | 1,405.6 | 878.3 | 986.2 | 475.6 | 1,010.9 | 1,274.8 |
| Number of workers not receiving a wage change (in thousands)................ | 1,152.8 | 4,634.2 | 3,730.5 | 4,209.8 | 4,334.2 | 969.8 |

1/ Preliminary revised.
2/ Preliminary.
3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.
4/ More than 0 and less than 0.05 percent.
5/ The total change reflects the worker weighted average of each source of wage change.
6/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 9. Average wage adjustments1/ in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1985 | 1986 | | | | 1987 | | | |
| | IV | I | II | III | IV | I2/ | II2/ | III2/ | IV3/ |
| All industries | | | | | | | | | |
| First year4/ | 2.3 | 2.0 | 1.6 | 1.2 | 1.2 | 1.2 | 1.5 | 2.1 | 2.2 |
| Contracts with COLA clauses | 1.6 | 1.6 | 1.8 | 2.2 | 1.9 | 2.0 | 1.8 | 2.1 | 2.3 |
| Contracts without COLA clauses | 2.7 | 2.2 | 1.5 | .8 | .9 | .9 | 1.4 | 2.1 | 2.2 |
| Over life of contract5/ | 2.7 | 2.5 | 2.2 | 1.7 | 1.8 | 1.8 | 2.0 | 2.2 | 2.1 |
| Contracts with COLA clauses | 2.5 | 2.5 | 2.5 | 2.0 | 1.7 | 1.8 | 1.7 | 1.7 | 1.5 |
| Contracts without COLA clauses | 2.8 | 2.5 | 2.1 | 1.6 | 1.8 | 1.8 | 2.2 | 2.6 | 2.6 |
| Manufacturing | | | | | | | | | |
| First year4/ | .8 | .8 | .1 | -1.0 | -1.2 | -1.5 | -.8 | 1.1 | 2.1 |
| Contracts with COLA clauses | .8 | .8 | .7 | 1.1 | 1.3 | 1.3 | 1.3 | 2.1 | 2.4 |
| Contracts without COLA clauses | .9 | .9 | -.4 | -2.0 | -2.8 | -3.5 | -2.7 | -.1 | 1.3 |
| Over life of contract5/ | 1.8 | 1.8 | 1.4 | .3 | .2 | 6/ | .3 | 1.0 | 1.3 |
| Contracts with COLA clauses | 2.1 | 2.1 | 2.0 | 1.1 | .9 | .8 | .8 | 1.0 | 1.0 |
| Contracts without COLA clauses | 1.6 | 1.5 | .9 | -.1 | -.2 | -.6 | -.2 | 1.2 | 2.1 |
| Nonmanufacturing | | | | | | | | | |
| First year4/ | 3.3 | 2.8 | 2.6 | 2.1 | 2.0 | 2.2 | 2.3 | 2.5 | 2.4 |
| Contracts with COLA clauses | 3.6 | 3.5 | 3.4 | 2.7 | 2.1 | 2.2 | 2.1 | 2.1 | 1.9 |
| Contracts without COLA clauses | 3.3 | 2.7 | 2.4 | 1.9 | 2.0 | 2.2 | 2.4 | 2.7 | 2.5 |
| Over life of contract5/ | 3.3 | 3.0 | 2.8 | 2.3 | 2.3 | 2.4 | 2.6 | 2.8 | 2.7 |
| Contracts with COLA clauses | 3.6 | 3.6 | 3.3 | 2.5 | 2.1 | 2.2 | 2.2 | 2.4 | 2.7 |
| Contracts without COLA clauses | 3.3 | 2.8 | 2.6 | 2.2 | 2.4 | 2.6 | 2.8 | 3.0 | 2.8 |
| Construction | | | | | | | | | |
| First year4/ | 1.5 | 1.6 | 2.3 | 2.3 | 2.2 | 2.4 | 2.7 | 3.0 | 2.9 |
| Contracts with COLA clauses | 7/ | 7/ | 1.1 | 1.4 | 1.4 | 1.6 | 3.7 | 7/ | 7/ |
| Contracts without COLA clauses | 7/ | 7/ | 2.4 | 2.4 | 2.3 | 2.4 | 2.7 | 7/ | 7/ |
| Over life of contract5/ | 2.1 | 2.2 | 2.5 | 2.6 | 2.5 | 2.5 | 2.9 | 3.2 | 3.1 |
| Contracts with COLA clauses | 7/ | 7/ | 1.2 | 1.6 | 1.6 | 1.4 | 3.8 | 7/ | 7/ |
| Contracts without COLA clauses | 7/ | 7/ | 2.6 | 2.6 | 2.5 | 2.6 | 2.9 | 7/ | 7/ |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.
6/ More than 0 and less than 0.05 percent.
7/ Data for averages do not meet publication standards.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1985 | 1986 | | | | 1987 | | | |
| | IV | I | II | III | IV | I1/ | II1/ | III1/ | IV2/ |
| Total effective adjustments (prorated over all workers)3/.... | 3.3 | 3.1 | 2.9 | 2.3 | 2.3 | 2.0 | 2.2 | 2.6 | 3.1 |
| Source: | | | | | | | | | |
| From current settlements....... | .7 | .6 | .5 | .5 | .5 | .4 | .3 | .5 | .7 |
| From prior agreements.......... | 1.8 | 1.7 | 1.8 | 1.6 | 1.7 | 1.5 | 1.6 | 1.7 | 1.8 |
| From COLA...................... | .7 | .8 | .7 | .2 | .2 | .1 | .3 | .4 | .5 |
| Effective wage change for workers receiving change4/............... | 4.1 | 4.0 | 3.8 | 3.1 | 2.8 | 2.5 | 2.8 | 3.2 | 3.6 |
| Source: | | | | | | | | | |
| From current settlements....... | 3.4 | 2.9 | 2.5 | 1.7 | 1.6 | 1.2 | 1.0 | 1.9 | 2.9 |
| From prior agreements.......... | 3.7 | 3.5 | 3.4 | 3.8 | 3.9 | 3.7 | 3.5 | 3.3 | 3.3 |
| From COLA...................... | 2.2 | 2.5 | 2.0 | 1.0 | 1.0 | .6 | 1.8 | 2.3 | 2.6 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8. Because of rounding, totals may not equal the sum of the parts.
4/ See note 5, table 8.

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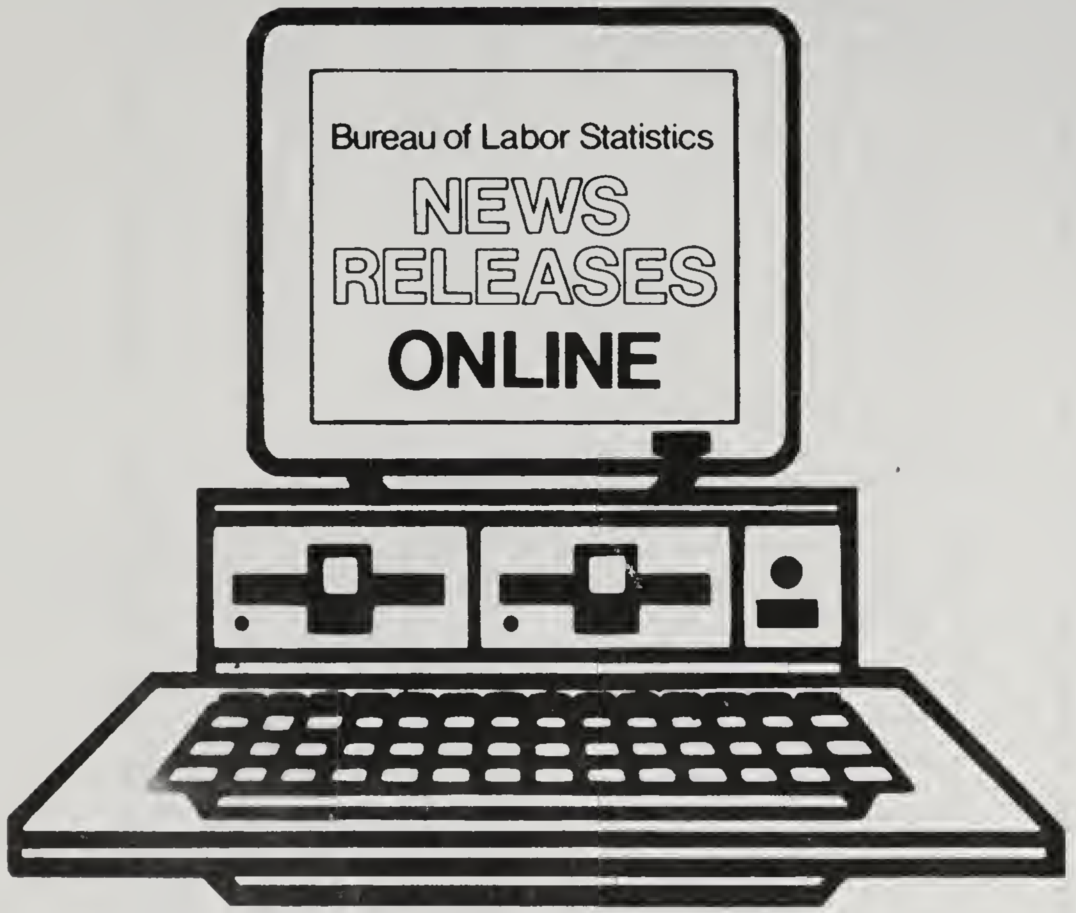

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 3 MONTHS 1988

Major collective bargaining settlements reached in private industry during the first 3 months of 1988 provided wage adjustments averaging 2.1 percent in the first contract year and 2.3 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The last time parties to these settlements negotiated, usually in 1985 or 1986, wage adjustments (increases, decreases, and freezes) averaged 1.8 percent the first contract year and 2.5 percent annually over the contract term.

First-quarter settlements covered 231,000 workers under 54 contracts. Settlements were in a variety of industries, including bituminous coal mining, petroleum refining, and utility companies. Approximately 459,000 additional workers, however, were covered by 94 contracts that expired but had not been renegotiated by the end of March. About 40 percent of these workers would be covered by the National Master Freight Agreement reached by the Teamsters and Trucking Management Inc. on April 7, but subject to union member ratification.

The Bureau's major collective bargaining agreements series for private industry covers 6.3 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first 3 months of 1988, this release includes information on wage changes effective in the quarter that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLAs).

IRX

## Settlements in the first 3 months of 1988.

Contracts covering 28 percent (65,000) of the workers under settlements reached in the quarter provided lump-sum payments. Such payments are typically made instead of, or to supplement, wage increases or are used to offset wage cuts. Lump sums are excluded from the adjustment data in this series. Settlements containing lump-sum provisions provided wage adjustments averaging 1.4 percent in the first contract year and 1.5 percent a year over the contract term. Corresponding averages for contracts without these provisions were 2.4 and 2.6 percent. Lump-sum provisions were negotiated in a variety of industries.

Contracts for 91 percent (211,000) of the workers under settlements in the first 3 months of 1988 have no COLA clause. These contracts specified average wage adjustments of 2.3 percent a year over their life, compared with 1.9 percent for contracts with COLA clauses. Settlements data exclude potential wage changes resulting from COLA clauses that depend upon future price changes (See explanatory note.)

Average wage adjustments were lower in manufacturing settlements (2.1 percent a year over their term) than in nonmanufacturing (2.4 percent a year). Lump-sum provisions and COLA clauses, however, were more prevalent in manufacturing. Sixty-six percent of the workers covered by settlements in manufacturing were under contracts containing lump-sum provisions, and 26 percent were under contracts with COLA clauses. Corresponding coverages in nonmanufacturing were 12 and 2 percent.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. Settlements reached in the first 3 months of 1988 provided compensation adjustments of 1.7 percent in the first contract year and 1.8 percent annually over the life of the contract.

## Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in the period, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Effective wage adjustments in the first 3 months of 1988 averaged (in percent):

| | For workers receiving wage change(s) | For all workers (prorated) |
|---|---|---|
| All adjustments .......... | 1.6 | 0.4 |
| New settlements ......... | 2.6 | 0.1 |
| Deferred adjustments .... | 2.7 | 0.3 |
| COLA .................... | 0.6 | 0.1 |

Wage changes (increases and decreases) put into effect in the first quarter of 1988 averaged 1.6 percent for the 1.7 million workers who received them. When this net wage gain was averaged over all 6.3 million workers covered by major agreements, the effective wage adjustment was 0.4 percent. In the 4 quarters ended March 31, 1988, effective wage adjustments for all workers averaged 3.2 percent, about the same as the 3.1 percent adjustment in the prior 4-quarter period. The size of effective wage adjustments for 4-quarter periods has been trending upward since the 4 quarters ended March 31, 1987 when 3 years of decline culminated in a record low 2.0 percent adjustment. (See table 8.)

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes (typically based on the Bureau's Consumer Price Index--CPI), the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 1,415,000 workers that had COLA reviews in the first quarter of 1988, 976,000 had COLA-triggered wage increases averaging 0.6 percent. Reviews for the remaining workers yielded no wage changes largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in the quarter averaged 61 percent of the price change during the COLA review period.

## Second-quarter 1988 bargaining activity

As mentioned earlier, there were 459,000 workers under 94 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to April 1, 1988, including 180,000 workers under the Master Freight Agreement. In addition, 1,274,000 workers are under 245 major agreements scheduled to expire or reopen for wage negotiations during April-June 1988. These workers are concentrated in the construction, railroad, electrical and electronic equipment, apparel, lumber, and rubber industries.

About 852,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 3.3 percent during the second quarter of 1988. These changes will be made under provisions of agreements negotiated earlier. About 1,122,000 workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

## Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wages and benefits.

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those

made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration data or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached in a prior period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for the first 3 months of 1988 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1989.

Additional historical information is available from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and issued semi-annually. Information for the first half of 1988 will be released in August.

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Major private industry collective bargaining settlements data for the first half of 1988 will be released on Tuesday, July 26, 1988, at 10:00 AM (EDT).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments1/ in collective bargaining settlements, first three months of 1988.
(in percent)

| Measure | First-year adjustments2/ | Annual adjustment over life of contracts3/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 2.1 | 2.3 | 231 |
| Contracts with COLA clauses | 1.6 | 1.9 | 20 |
| Contracts without COLA clauses | 2.2 | 2.3 | 211 |
| Manufacturing4/ | 2.0 | 2.1 | 69 |
| Nonmanufacturing4/ | 2.1 | 2.4 | 162 |
| Construction | .9 | 1.0 | 18 |
| Contracts without COLA clauses | .9 | 1.0 | 18 |
| All industries excluding construction | 2.2 | 2.4 | 213 |
| Contracts with COLA clauses | 1.6 | 1.9 | 20 |
| Contracts without COLA clauses | 2.3 | 2.5 | 193 |
| Nonmanufacturing excluding construction4/ | 2.3 | 2.6 | 144 |
| Goods-producing4/ | 1.7 | 2.0 | 152 |
| Service-producing4/ | 2.9 | 2.9 | 79 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries4/ | 1.7 | 1.8 | 128 |
| Manufacturing4/ | 2.0 | 1.1 | 24 |
| Nonmanufacturing4/ | 1.6 | 1.9 | 104 |

1/ Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

2/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

3/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

4/ Data by COLA coverage do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments 1/in collective bargaining settlements covering 1,000 workers or more, first three months of 1988.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 231 | 69 | 162 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 20 | 14 | 22 |
| Decreases3/ | 1 | 0 | 2 |
| Increases | 79 | 86 | 76 |
| Under 2 percent | 36 | 21 | 43 |
| 2 and under 4 percent | 25 | 51 | 14 |
| 4 and under 6 percent | 15 | 13 | 16 |
| 6 percent and over | 3 | 0 | 4 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 2.1 | 2.0 | 2.1 |
| Median adjustment (percent) | 1.6 | 2.1 | 1.6 |
| Mean increase (percent) | 2.7 | 2.4 | 2.9 |
| Median increase (percent) | 2.0 | 2.1 | 1.6 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments1/ over the life of the contract in collective bargaining settlements covering 1,000 workers or more, first three months of 1988.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 231 | 69 | 162 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 15 | 9 | 17 |
| Decreases3/ | 1 | 0 | 2 |
| Increases | 84 | 91 | 81 |
| Under 2 percent | 12 | 32 | 4 |
| 2 and under 4 percent | 56 | 50 | 59 |
| 4 and under 6 percent | 11 | 6 | 13 |
| 6 percent and over | 5 | 3 | 5 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 2.3 | 2.1 | 2.4 |
| Median adjustment (percent) | 2.2 | 2.0 | 2.2 |
| Mean increase (percent) | 2.8 | 2.3 | 3.0 |
| Median increase (percent) | 2.2 | 2.3 | 2.2 |

1/ See note 1, table 1.
2/ See note 3, table 1.
3/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Average wage adjustments[1] in collective bargaining settlements covering 1,000 workers or more by duration of contract, first three months of 1988.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 54 | 5 | 1 | 13 | 10 | 10 | 15 |
| Number of workers (in thousands) | 231 | 10 | 4 | 46 | 33 | 26 | 112 |
| Average duration (months) | 33.5 | 12.0 | 12.0 | 24.0 | 28.5 | 36.0 | 41.0 |
| Percent adjustment in: | | | | | | | |
| First contract year | 2.1 | .9 | 4.4 | 1.8 | 1.9 | 4.0 | 1.9 |
| Second contract year[2] | 2.4 | - | - | 2.6 | 2.1 | 3.9 | 2.2 |
| Third contract year[3] | 2.4 | - | - | - | 1.1 | 3.6 | 2.5 |
| Average annual percent adjustment over life of contract | 2.3 | .9 | 4.4 | 2.2 | 2.1 | 3.8 | 2.1 |

[1] See note 1, table 1.

[2] Average is based only on settlements with a duration greater than 12 months.

[3] Average is based only on settlements with a duration greater than 24 months.

Table 5. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached by quarter and full year 1987 and first quarter 1988.
(in percent)

| Measure | 1987 | | | | | 1988 |
|---|---|---|---|---|---|---|
| | I | II | III | IV | Full year | I 2/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year 3/ | | | | | | |
| All industries | 0.8 | 2.6 | 2.1 | 2.4 | 2.2 | 2.1 |
| Contracts with COLA clauses | 2.8 | 1.6 | 2.2 | 2.4 | 2.3 | 1.6 |
| Contracts without COLA clauses | -.1 | 2.9 | 2.1 | 2.5 | 2.1 | 2.2 |
| Manufacturing | -.9 | 1.3 | 2.2 | 2.8 | 2.1 | 2.0 |
| Contracts with COLA clauses | 1.4 | 1.0 | 2.6 | 2.6 | 2.4 | 4/ |
| Contracts without COLA clauses | -2.4 | 1.6 | 1.5 | 4.1 | 1.3 | 4/ |
| Nonmanufacturing | 2.0 | 3.0 | 2.1 | 1.6 | 2.3 | 2.1 |
| Contracts with COLA clauses | 4.4 | 2.2 | 1.8 | .1 | 1.9 | 4/ |
| Contracts without COLA clauses | 1.2 | 3.1 | 2.3 | 2.0 | 2.4 | 4/ |
| Construction | 2.0 | 3.2 | 3.9 | -.9 | 2.9 | .9 |
| All industries excluding construction | .7 | 2.0 | 1.8 | 2.6 | 2.0 | 2.2 |
| Nonmanufacturing excluding construction | 2.0 | 2.6 | 1.6 | 1.9 | 1.9 | 2.3 |
| Annual average over life of contract 5/ | | | | | | |
| All industries | 1.6 | 2.9 | 2.0 | 1.8 | 2.1 | 2.3 |
| Contracts with COLA clauses | 2.6 | 1.9 | 1.5 | 1.2 | 1.5 | 1.9 |
| Contracts without COLA clauses | 1.2 | 3.2 | 2.4 | 2.7 | 2.5 | 2.3 |
| Manufacturing | .1 | 1.7 | 1.2 | 1.5 | 1.3 | 2.1 |
| Contracts with COLA clauses | .8 | .8 | 1.0 | 1.0 | 1.0 | 4/ |
| Contracts without COLA clauses | -.3 | 2.7 | 1.7 | 4.1 | 2.1 | 4/ |
| Nonmanufacturing | 2.6 | 3.2 | 2.5 | 2.2 | 2.7 | 2.4 |
| Contracts with COLA clauses | 4.4 | 3.0 | 2.0 | 2.5 | 2.7 | 4/ |
| Contracts without COLA clauses | 2.0 | 3.2 | 2.7 | 2.2 | 2.7 | 4/ |
| Construction | 2.2 | 3.4 | 4.1 | -.8 | 3.1 | 1.0 |
| All industries excluding construction | 1.5 | 2.4 | 1.6 | 1.8 | 1.8 | 2.4 |
| Nonmanufacturing excluding construction | 2.7 | 2.9 | 2.0 | 2.6 | 2.5 | 2.6 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year 3/ | | | | | | |
| All industries | 1.1 | 4.1 | 2.5 | 3.4 | 3.0 | 1.7 |
| Contracts with COLA clauses | 4.3 | 2.8 | 3.2 | 3.2 | 3.2 | 4/ |
| Contracts without COLA clauses | -.1 | 4.7 | 1.3 | 4.0 | 2.7 | 4/ |
| Annual average over life of contract 5/ | | | | | | |
| All industries | 2.1 | 3.9 | 2.1 | 2.4 | 2.6 | 1.8 |
| Contracts with COLA clauses | 3.9 | 2.6 | 2.5 | 2.1 | 2.3 | 4/ |
| Contracts without COLA clauses | 1.4 | 4.6 | 1.6 | 3.3 | 2.9 | 4/ |

1/ See note 1, table 1.
2/ Preliminary.
3/ See note 2, table 1.
4/ Data do not meet publication standards.
5/ See note 3, table 1.

Table 7. Average wage adjustments 1/ in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1986 | | | | 1987 | | | | 1988 |
| | I | II | III | IV | I | II | III | IV | I 2/ |
| All industries | | | | | | | | | |
| First year 3/ | 2.0 | 1.6 | 1.2 | 1.2 | 1.2 | 1.5 | 2.0 | 2.2 | 2.4 |
| Contracts with COLA clauses | 1.6 | 1.8 | 2.2 | 1.9 | 2.0 | 1.8 | 2.1 | 2.3 | 2.2 |
| Contracts without COLA clauses | 2.2 | 1.5 | .8 | .9 | .8 | 1.3 | 2.0 | 2.1 | 2.5 |
| Over life of contract 4/ | 2.5 | 2.2 | 1.7 | 1.8 | 1.8 | 2.0 | 2.2 | 2.1 | 2.2 |
| Contracts with COLA clauses | 2.5 | 2.5 | 2.0 | 1.7 | 1.8 | 1.7 | 1.7 | 1.5 | 1.4 |
| Contracts without COLA clauses | 2.5 | 2.1 | 1.6 | 1.8 | 1.8 | 2.1 | 2.5 | 2.5 | 2.7 |
| Manufacturing | | | | | | | | | |
| First year 3/ | .8 | .1 | -1.0 | -1.2 | -1.5 | -.8 | 1.1 | 2.1 | 2.4 |
| Contracts with COLA clauses | .8 | .7 | 1.1 | 1.3 | 1.3 | 1.3 | 2.1 | 2.4 | 2.4 |
| Contracts without COLA clauses | .9 | -.4 | -2.0 | -2.8 | -3.5 | -2.7 | -.1 | 1.3 | 2.4 |
| Over life of contract 4/ | 1.8 | 1.4 | .3 | .2 | 5/ | .3 | 1.0 | 1.3 | 1.5 |
| Contracts with COLA clauses | 2.1 | 2.0 | 1.1 | .9 | .8 | .8 | 1.0 | 1.0 | 1.0 |
| Contracts without COLA clauses | 1.5 | .9 | -.1 | -.2 | -.6 | -.2 | 1.2 | 2.1 | 2.7 |
| Nonmanufacturing | | | | | | | | | |
| First year 3/ | 2.8 | 2.6 | 2.1 | 2.0 | 2.2 | 2.3 | 2.4 | 2.3 | 2.3 |
| Contracts with COLA clauses | 3.5 | 3.4 | 2.7 | 2.1 | 2.2 | 2.1 | 2.1 | 1.9 | 1.5 |
| Contracts without COLA clauses | 2.7 | 2.4 | 1.9 | 2.0 | 2.1 | 2.3 | 2.6 | 2.4 | 2.5 |
| Over life of contract 4/ | 3.0 | 2.8 | 2.3 | 2.3 | 2.4 | 2.6 | 2.8 | 2.7 | 2.7 |
| Contracts with COLA clauses | 3.6 | 3.3 | 2.5 | 2.1 | 2.2 | 2.2 | 2.4 | 2.7 | 2.4 |
| Contracts without COLA clauses | 2.8 | 2.6 | 2.2 | 2.4 | 2.5 | 2.7 | 2.9 | 2.7 | 2.7 |
| Construction | | | | | | | | | |
| First year 3/ | 1.6 | 2.3 | 2.3 | 2.2 | 2.4 | 2.7 | 3.0 | 2.9 | 2.9 |
| Contracts with COLA clauses | 6/ | 1.1 | 1.4 | 1.4 | 1.6 | 3.7 | 6/ | 6/ | 6/ |
| Contracts without COLA clauses | 6/ | 2.4 | 2.4 | 2.3 | 2.4 | 2.7 | 6/ | 6/ | 6/ |
| Over life of contract 4/ | 2.2 | 2.5 | 2.6 | 2.5 | 2.5 | 2.9 | 3.2 | 3.1 | 3.1 |
| Contracts with COLA clauses | 6/ | 1.2 | 1.6 | 1.6 | 1.4 | 3.8 | 6/ | 6/ | 6/ |
| Contracts without COLA clauses | 6/ | 2.6 | 2.6 | 2.5 | 2.6 | 2.9 | 6/ | 6/ | 6/ |

1/ See note 1, table 1.
2/ Preliminary.
3/ See note 2, table 1.
4/ See note 3, table 1.
5/ More than 0 and less than 0.05 percent.
6/ Data do not meet publication standards.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1986 | | | | 1987 | | | | 1988 |
| | I | II | III | IV | I | II | III | IV | I1/ |
| Total effective adjustments (prorated over all workers)2/.... | 3.1 | 2.9 | 2.3 | 2.3 | 2.0 | 2.2 | 2.6 | 3.1 | 3.2 |
| Source: | | | | | | | | | |
| From current settlements....... | .6 | .5 | .5 | .5 | .3 | .3 | .4 | .7 | .8 |
| From prior agreements.......... | 1.7 | 1.8 | 1.6 | 1.7 | 1.5 | 1.6 | 1.7 | 1.8 | 1.8 |
| From COLA...................... | .8 | .7 | .2 | .2 | .1 | .3 | .4 | .5 | .5 |
| Effective wage change for workers receiving change3/.............. | 4.0 | 3.8 | 3.1 | 2.8 | 2.4 | 2.8 | 3.2 | 3.6 | 3.8 |
| Source: | | | | | | | | | |
| From current settlements....... | 2.9 | 2.5 | 1.7 | 1.6 | 1.1 | .9 | 1.8 | 2.9 | 2.9 |
| From prior agreements.......... | 3.5 | 3.4 | 3.8 | 3.9 | 3.7 | 3.5 | 3.3 | 3.3 | 3.3 |
| From COLA...................... | 2.5 | 2.0 | 1.0 | 1.0 | .6 | 1.8 | 2.3 | 2.6 | 2.7 |

1/ Preliminary.
2/ See note 2, table 6. Because of rounding, totals may not equal the sum of the parts.
3/ See note 4, table 6.

Table 6. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, 1987 and, by quarter, 1988.
(in percent)

| Characteristic | 1987 | | | | | 1988 |
|---|---|---|---|---|---|---|
| | I | II | III | IV | Full Year | I1/ |
| Adjustments (prorated over all workers)2/ | | | | | | |
| Total effective adjustments .......... | 0.4 | 1.0 | 0.9 | 0.8 | 3.1 | 0.4 |
| Source: | | | | | | |
| Current settlements.............. | 3/ | .2 | .2 | .3 | .7 | .1 |
| Prior agreements................. | .3 | .7 | .6 | .3 | 1.8 | .3 |
| COLA provisions.................. | .1 | .2 | .1 | .2 | .5 | .1 |
| Industry | | | | | | |
| Manufacturing....................... | .3 | .9 | 1.0 | 1.2 | 3.4 | .4 |
| Nonmanufacturing.................... | .4 | 1.1 | .9 | .5 | 2.9 | .5 |
| Nonmanufacturing excluding construction..................... | .5 | .9 | .8 | .7 | 2.8 | .5 |
| Construction........................ | .2 | 1.7 | 1.0 | .1 | 3.1 | .3 |
| Transportation and public utilities. | .3 | 1.0 | .9 | .5 | 2.7 | .3 |
| Wholesale and retail trade.......... | .7 | .4 | .3 | .5 | 2.0 | .2 |
| Services............................ | .5 | .8 | 1.4 | 1.1 | 3.8 | .9 |
| Effective wage change for workers receiving changes4/ | | | | | | |
| Total effective wage change........... | 1.3 | 2.5 | 2.7 | 2.4 | 3.6 | 1.6 |
| Source: | | | | | | |
| Current settlements.............. | 1.0 | 3.2 | 2.8 | 2.8 | 2.9 | 2.6 |
| Prior agreements................. | 2.3 | 3.1 | 2.7 | 2.5 | 3.3 | 2.7 |
| COLA provisions.................. | .5 | 1.1 | 1.5 | 1.0 | 2.6 | .6 |
| Total number of workers receiving wage change (in thousands)5/.............. | 1,710.3 | 2,606.5 | 2,127.2 | 2,016.4 | 5,376.3 | 1,687.3 |
| Source: | | | | | | |
| Current settlements.............. | 186.2 | 304.0 | 476.2 | 739.0 | 1,620.1 | 181.4 |
| Prior agreements................. | 693.1 | 1,435.8 | 1,376.9 | 652.4 | 3,547.1 | 632.7 |
| COLA provisions.................. | 876.7 | 984.6 | 474.0 | 1,024.8 | 1,276.7 | 976.0 |
| Number of workers not receiving a wage change (in thousands)................ | 4,622.3 | 3,726.1 | 4,205.4 | 4,316.2 | 956.3 | 4,595.7 |

1/ Preliminary.

2/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.

3/ More than 0 and less than 0.05 percent.

4/ The total change reflects the worker weighted average of each source of wage change.

5/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 6 MONTHS 1988

Major collective bargaining settlements reached in private industry during the first 6 months of 1988 provided wage adjustments averaging 2.6 percent in the first contract year and 2.2 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The last time parties to these settlements negotiated, usually in 1985 or 1986, wage adjustments (increases, decreases, and freezes) averaged 2.3 percent the first contract year and 2.9 percent annually over the contract term.

The Bureau's major collective bargaining agreements series for private industry covers 6.2 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first 6 months of 1988, this release includes information on wage changes effective in the period that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLAs).

## Settlements in the first 6 months of 1988

Contracts covering 24 percent (242,000) of the 1,020,000 workers under settlements reached in the first half of 1988 provided lump-sum payments. Such payments are typically made instead of wage increase, or to offset wage cuts. Lump sums are excluded from the adjustment data in this series. Settlements containing lump-sum provisions provided wage adjustments averaging 1.2 percent in the first contract year and 1.1 percent a year over the contract term.

Corresponding averages for settlements without these provisions were 3.0 and 2.6 percent. Lump-sum provisions were negotiated in a variety of industries, but were concentrated in transportation equipment manufacturing, petroleum refining, and food processing.

Contracts for 54 percent (552,000) of the workers under settlements in the first 6 months of 1988 had no COLA clause. These contracts specified average wage adjustments of 2.6 percent a year over their life, compared with 1.8 percent for contracts with COLA clauses. Settlements data exclude potential wage changes resulting from COLA clauses that depend upon future price changes. (See explanatory note.)

COLA clauses were introduced or reestablished for about 16 percent (159,000) of the workers under settlements reached in the first 6 months of 1988. Virtually all these workers are covered by the National Master Freight Agreement, reached by the Teamsters and Trucking Management, Inc., which reestablished the COLA clause that had been temporarily suspended during the prior agreement. Settlements for 6,000 workers dropped COLA's. As a result of these changes, the proportion of workers under major private industry bargaining agreements with COLA clauses rose to 40 percent from 38 percent at the end of 1987.

Average wage adjustments were lower in manufacturing settlements (2.1 percent a year over their term) than in nonmanufacturing (2.3 percent a year). Lump-sum provisions and COLA clauses, however, were more prevalent in manufacturing. Forty-eight percent of the workers covered by settlements in manufacturing were under contracts containing lump-sum provisions, and 70 percent were under contracts with COLA clauses. Corresponding coverages in nonmanufacturing were 11 and 33 percent.

Average wage adjustments under settlements in the construction industry (covering nearly one-fifth of the workers under settlements in the first half of 1988) averaged 2.5 percent in the first contract year and 2.6 percent over their term. Corresponding averages were 2.6 and 2.2 percent in all other industries, which included trucking and apparel and transportation equipment manufacturing.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. Settlements reached in the first 6 months of 1988 provided compensation adjustments of 3.0 percent in the first contract year and 2.3 percent annually over the life of the contract.

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Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in the first half of 1988, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Effective wage adjustments in the first 6 months of 1988 averaged (in percent):

| | For workers receiving wage change(s) | For all workers (prorated) |
|---|---|---|
| All adjustments ........... | 2.6 | 1.3 |
| New settlements ......... | 2.9 | 0.4 |
| Deferred adjustments .... | 3.0 | 0.7 |
| COLA .................... | 1.1 | 0.2 |

Wage changes (increases and decreases) put into effect in the first 6 months of 1988 averaged 2.6 percent for the 3.1 million workers who received them. When this net wage gain was averaged over all 6.2 million workers covered by major agreements, the effective wage adjustment was 1.3 percent.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes (typically based on the Bureau's Consumer Price Index--CPI), the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 1,485,000 workers that had COLA reviews in the first half of 1988, 1,008,000 had COLA-triggered wage increases averaging 1.1 percent. With the exception of 2,200 workers who had a COLA decrease, the remaining workers had no wage change, largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in the first half averaged 57 percent of the price change during the COLA review period.

Third-quarter 1988 bargaining activity

There were 784,000 workers under 126 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to July 1, 1988. Almost half these workers are employed by railroads. The balance are in a variety of industries including construction and electrical equipment manufacturing. In addition, 361,000 workers are under 82 major agreements scheduled to expire or reopen for wage negotiations during July-September 1988. These workers are concentrated in apparel manufacturing, retail food stores, electrical and electronic equipment manufacturing, and construction.

About 989,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 2.6 percent during the third quarter of 1988. These changes will be made under provisions of agreements negotiated earlier. About 1,368,000 workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wages and benefits.

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration data or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached in a prior period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for the first 6 months of 1988 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1989.

Additional historical information is available from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and issued semi-annually. Information for the first half of 1988 will be released in August.

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Major private industry collective bargaining settlements data for the first 9 months of 1988 will be released on October 26, 1988, at 10:00 AM (EDT).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments[1] in collective bargaining settlements, first six months of 1988.
(in percent)

| Measure | First-year adjustments[2] | Annual adjustment over life of contracts[3] | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 2.6 | 2.2 | 1,020 |
| Contracts with COLA clauses | 2.5 | 1.8 | 468 |
| Contracts without COLA clauses | 2.6 | 2.6 | 552 |
| Manufacturing | 2.3 | 2.1 | 347 |
| Contracts with COLA clauses | 2.2 | 2.0 | 243 |
| Contracts without COLA clauses | 2.5 | 2.3 | 104 |
| Nonmanufacturing | 2.7 | 2.3 | 673 |
| Contracts with COLA clauses | 2.9 | 1.6 | 225 |
| Contracts without COLA clauses | 2.6 | 2.7 | 448 |
| Construction | 2.5 | 2.6 | 199 |
| Contracts without COLA clauses | 2.5 | 2.6 | 199 |
| All industries excluding construction | 2.6 | 2.2 | 820 |
| Contracts with COLA clauses | 2.5 | 1.8 | 468 |
| Contracts without COLA clauses | 2.7 | 2.6 | 352 |
| Nonmanufacturing excluding construction | 2.8 | 2.2 | 473 |
| Contracts with COLA clauses | 2.9 | 1.6 | 225 |
| Contracts without COLA clauses | 2.7 | 2.8 | 248 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 3.0 | 2.3 | 639 |
| Contracts with COLA clauses | 3.3 | 2.2 | 389 |
| Contracts without COLA clauses | 2.6 | 2.5 | 250 |
| Manufacturing | 2.9 | 2.1 | 198 |
| Contracts with COLA clauses | 3.0 | 2.2 | 171 |
| Contracts without COLA clauses | 2.4 | 1.7 | 27 |
| Nonmanufacturing | 3.1 | 2.4 | 441 |
| Contracts with COLA clauses | 3.6 | 2.1 | 218 |
| Contracts without COLA clauses | 2.6 | 2.6 | 223 |
| Construction | 3.1 | 3.0 | 76 |
| Contracts without COLA clauses | 3.1 | 3.0 | 76 |
| All industries excluding construction | 3.0 | 2.2 | 563 |
| Contracts with COLA clauses | 3.3 | 2.2 | 389 |
| Contracts without COLA clauses | 2.4 | 2.3 | 174 |
| Nonmanufacturing excluding construction | 3.1 | 2.2 | 365 |
| Contracts with COLA clauses | 3.6 | 2.1 | 218 |
| Contracts without COLA clauses | 2.4 | 2.4 | 147 |

[1] Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

[2] Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

[3] Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments 1/ in collective bargaining settlements covering 1,000 workers or more, first six months of 1988.

| Measure 2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 1,020 | 347 | 673 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 19 | 30 | 13 |
| Decreases 3/ | 1 | 0 | 2 |
| Increases | 80 | 70 | 85 |
| Under 2 percent | 13 | 12 | 14 |
| 2 and under 4 percent | 36 | 22 | 44 |
| 4 and under 6 percent | 27 | 35 | 23 |
| 6 percent and over | 3 | 1 | 4 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 2.6 | 2.3 | 2.7 |
| Median adjustment (percent) | 2.4 | 2.1 | 2.4 |
| Mean increase (percent) | 3.3 | 3.2 | 3.3 |
| Median increase (percent) | 3.0 | 4.0 | 2.4 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments[1] over the life of the contract in collective bargaining settlements covering 1,000 workers or more, first six months of 1988.

| Measure[2] | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 1,020 | 347 | 673 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 13 | 24 | 7 |
| Decreases[3] | 1 | 0 | 2 |
| Increases | 86 | 76 | 91 |
| Under 2 percent | 32 | 24 | 37 |
| 2 and under 4 percent | 27 | 21 | 30 |
| 4 and under 6 percent | 25 | 30 | 22 |
| 6 percent and over | 1 | 1 | 2 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 2.2 | 2.1 | 2.3 |
| Median adjustment (percent) | 2.2 | 2.0 | 2.2 |
| Mean increase (percent) | 2.6 | 2.7 | 2.6 |
| Median increase (percent) | 2.3 | 2.7 | 2.2 |

[1] See note 1, table 1.

[2] See note 3, table 1.

[3] Distributions are not shown to protect confidentiality.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment[1] in collective bargaining settlements covering 5,000 workers or more, first six months of 1988.

| Measure | First-year adjustments[2] |
|---|---|
| Total number of workers (in thousands) | 639 |
| Percent of workers | |
| All settlements | 100 |
| No change | 6 |
| Decreases | 0 |
| Increases | 94 |
| Under 2 percent | 26 |
| 2 and under 4 percent | 43 |
| 4 and under 6 percent | 25 |
| 6 percent and over | 0 |
| Adjustments (in percent) | |
| Mean adjustment (percent) | 3.0 |
| Median adjustment (percent) | 3.5 |
| Mean increase (percent) | 3.3 |
| Median increase (percent) | 3.5 |
| | Adjustments averaged over life of contract[3] |
| Total number of workers (in thousands) | 639 |
| Percent of workers | |
| All settlements | 100 |
| No change | 7 |
| Decreases | 0 |
| Increases | 93 |
| Under 2 percent | 51 |
| 2 and under 4 percent | 19 |
| 4 and under 6 percent | 22 |
| 6 percent and over | 0 |
| Adjustments (in percent) | |
| Mean adjustment (percent) | 2.3 |
| Median adjustment (percent) | 1.7 |
| Mean increase (percent) | 2.5 |
| Median increase (percent) | 1.7 |

[1] See note 1, table 1.
[2] See note 2, table 1.
[3] See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment[1] in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, first six months of 1988.

| Measure | First-year adjustments[2] | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 199 | 199 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 20 | 22 |
| Decreases[3] | 0 | 6 |
| Increases | 80 | 72 |
| Under 2 percent | 15 | 13 |
| 2 and under 4 percent | 34 | 26 |
| 4 and under 6 percent | 28 | 31 |
| 6 and under 8 percent | 3 | 2 |
| 8 percent and over | 0 | 1 |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 2.8 | 2.5 |
| Median adjustment (percent) | 3.3 | 2.7 |
| Mean increase (percent) | 3.5 | 3.5 |
| Median increase (percent) | 3.5 | 3.9 |
| Mean decrease (percent) | - | [4] |
| Median decrease (percent) | - | [4] |

| | Adjustments averaged over life of contract[5] | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 199 | 199 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 16 | 13 |
| Decreases[3] | 0 | 6 |
| Increases | 84 | 82 |
| Under 2 percent | 19 | 25 |
| 2 and under 4 percent | 37 | 27 |
| 4 and under 6 percent | 27 | 28 |
| 6 and under 8 percent | 1 | 1 |
| 8 percent and over | 0 | 1 |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 2.8 | 2.6 |
| Median adjustment (percent) | 2.9 | 2.6 |
| Mean increase (percent) | 3.3 | 3.2 |
| Median increase (percent) | 3.3 | 3.7 |
| Mean decrease (percent) | - | [4] |
| Median decrease (percent) | - | [4] |

[1] See note 1, table 1.
[2] See note 2, table 1.
[3] Distributions are not shown to protect confidentiality.
[4] Data do not meet publication standards.
[5] See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments[1] in collective bargaining settlements covering 1,000 workers or more by duration of contract, first six months of 1988.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 222 | 20 | 12 | 36 | 30 | 81 | 43 |
| Number of workers (in thousands) | 1,020 | 39 | 39 | 122 | 155 | 454 | 210 |
| Average duration (months) | 33.3 | 11.2 | 19.8 | 24.0 | 28.8 | 36.0 | 43.1 |
| Percent adjustment in: | | | | | | | |
| First contract year | 2.6 | 1.3 | 2.6 | 2.4 | 1.5 | 3.2 | 2.3 |
| Second contract year[2] | 2.1 | - | .6 | 2.8 | 1.3 | 2.2 | 2.4 |
| Third contract year[3] | 1.9 | - | - | - | .6 | 2.2 | 2.3 |
| Average annual percent adjustment over life of contract | 2.2 | 1.4 | 2.2 | 2.6 | 1.4 | 2.5 | 2.3 |

[1] See note 1, table 1.

[2] Average is based only on settlements with a duration greater than 12 months.

[3] Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached by quarter and year, second quarter 1987 - second quarter 1988. (in percent)

| Measure | 1987 | | | | 1988 | |
|---|---|---|---|---|---|---|
| | II | III | IV | Full year | I2/ | II3/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries | 2.6 | 2.1 | 2.4 | 2.2 | 2.2 | 2.7 |
| Contracts with COLA clauses | 1.6 | 2.2 | 2.4 | 2.3 | 2.0 | 2.5 |
| Contracts without COLA clauses | 2.9 | 2.1 | 2.5 | 2.1 | 2.2 | 2.9 |
| Manufacturing | 1.3 | 2.2 | 2.8 | 2.1 | 2.0 | 2.3 |
| Contracts with COLA clauses | 1.0 | 2.6 | 2.6 | 2.4 | 1.0 | 2.3 |
| Contracts without COLA clauses | 1.6 | 1.5 | 4.1 | 1.3 | 2.4 | 2.6 |
| Nonmanufacturing | 3.0 | 2.1 | 1.6 | 2.3 | 2.3 | 2.9 |
| Contracts with COLA clauses | 2.2 | 1.8 | .1 | 1.9 | 3.9 | 2.8 |
| Contracts without COLA clauses | 3.1 | 2.3 | 2.0 | 2.4 | 2.1 | 2.9 |
| Construction | 3.2 | 3.9 | -.9 | 2.9 | 1.2 | 2.6 |
| All industries excluding construction | 2.0 | 1.8 | 2.6 | 2.0 | 2.3 | 2.7 |
| Nonmanufacturing excluding construction | 2.6 | 1.6 | 1.9 | 1.9 | 2.4 | 3.0 |
| Annual average over life of contract5/ | | | | | | |
| All industries | 2.9 | 2.0 | 1.8 | 2.1 | 2.3 | 2.2 |
| Contracts with COLA clauses | 1.9 | 1.5 | 1.2 | 1.5 | 2.1 | 1.8 |
| Contracts without COLA clauses | 3.2 | 2.4 | 2.7 | 2.5 | 2.4 | 2.8 |
| Manufacturing | 1.7 | 1.2 | 1.5 | 1.3 | 2.0 | 2.1 |
| Contracts with COLA clauses | .8 | 1.0 | 1.0 | 1.0 | 1.3 | 2.0 |
| Contracts without COLA clauses | 2.7 | 1.7 | 4.1 | 2.1 | 2.3 | 2.4 |
| Nonmanufacturing | 3.2 | 2.5 | 2.2 | 2.7 | 2.5 | 2.3 |
| Contracts with COLA clauses | 3.0 | 2.0 | 2.5 | 2.7 | 3.5 | 1.5 |
| Contracts without COLA clauses | 3.2 | 2.7 | 2.2 | 2.7 | 2.4 | 2.9 |
| Construction | 3.4 | 4.1 | -.8 | 3.1 | 1.3 | 2.8 |
| All industries excluding construction | 2.4 | 1.6 | 1.8 | 1.8 | 2.4 | 2.1 |
| Nonmanufacturing excluding construction | 2.9 | 2.0 | 2.6 | 2.5 | 2.6 | 2.0 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries | 4.1 | 2.5 | 3.4 | 3.0 | 1.8 | 3.4 |
| Contracts with COLA clauses | 2.8 | 3.2 | 3.2 | 3.2 | 1.5 | 3.4 |
| Contracts without COLA clauses | 4.7 | 1.3 | 4.0 | 2.7 | 1.8 | 3.4 |
| Annual average over life of contract5/ | | | | | | |
| All industries | 3.9 | 2.1 | 2.4 | 2.6 | 1.8 | 2.4 |
| Contracts with COLA clauses | 2.6 | 2.5 | 2.1 | 2.3 | .8 | 2.2 |
| Contracts without COLA clauses | 4.6 | 1.6 | 3.3 | 2.9 | 2.0 | 3.0 |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, by quarter and year, second quarter 1987 - second quarter 1988.
(in percent)

| Characteristic | 1987 | | | | 1988 | |
|---|---|---|---|---|---|---|
| | II | III | IV | Full Year | I1/ | II2/ |
| Adjustments (prorated over all workers)3/ | | | | | | |
| Total effective adjustments | 1.0 | 0.9 | 0.8 | 3.1 | 0.4 | 0.8 |
| Source: | | | | | | |
| Current settlements | .2 | .2 | .3 | .7 | .1 | .3 |
| Prior agreements | .7 | .6 | .3 | 1.8 | .3 | .5 |
| COLA provisions | .2 | .1 | .2 | .5 | .1 | .1 |
| Industry | | | | | | |
| Manufacturing | .9 | 1.0 | 1.2 | 3.4 | .4 | .6 |
| Nonmanufacturing | 1.1 | .9 | .5 | 2.9 | .4 | 1.0 |
| Nonmanufacturing excluding construction | .9 | .8 | .7 | 2.8 | .5 | .7 |
| Construction | 1.7 | 1.0 | .1 | 3.1 | .3 | 1.7 |
| Transportation and public utilities | 1.0 | .9 | .5 | 2.7 | .3 | .7 |
| Wholesale and retail trade | .4 | .3 | .5 | 2.0 | .2 | .8 |
| Services | .8 | 1.4 | 1.1 | 3.8 | 1.0 | .6 |
| Effective wage change for workers receiving changes4/ | | | | | | |
| Total effective wage change | 2.5 | 2.7 | 2.4 | 3.6 | 1.6 | 2.4 |
| Source: | | | | | | |
| Current settlements | 3.2 | 2.8 | 2.8 | 2.9 | 2.7 | 3.2 |
| Prior agreements | 3.1 | 2.7 | 2.5 | 3.3 | 2.7 | 3.3 |
| COLA provisions | 1.1 | 1.5 | 1.0 | 2.6 | .6 | .6 |
| Total number of workers receiving wage change (in thousands)5/ | 2,606.5 | 2,127.2 | 2,016.4 | 5,376.3 | 1,672.1 | 2,234.8 |
| Source: | | | | | | |
| Current settlements | 304.0 | 476.2 | 739.0 | 1,620.1 | 194.4 | 604.2 |
| Prior agreements | 1,435.8 | 1,376.9 | 652.4 | 3,547.1 | 605.3 | 869.7 |
| COLA provisions | 984.6 | 474.0 | 1,024.8 | 1,276.7 | 976.3 | 841.1 |
| Number of workers not receiving a wage change (in thousands) | 3,726.1 | 4,205.4 | 4,316.2 | 956.3 | 4,533.9 | 3,971.2 |

1/ Preliminary revised.

2/ Preliminary.

3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.

4/ The total change reflects the worker weighted average of each source of wage change.

5/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 9. Average wage adjustments 1/in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1986 | | | 1987 | | | | 1988 | |
| | II | III | IV | I | II | III | IV | I2/ | II3/ |
| All industries | | | | | | | | | |
| First year4/ | 1.6 | 1.2 | 1.2 | 1.2 | 1.5 | 2.0 | 2.2 | 2.4 | 2.4 |
| Contracts with COLA clauses | 1.8 | 2.2 | 1.9 | 2.0 | 1.8 | 2.1 | 2.3 | 2.2 | 2.4 |
| Contracts without COLA clauses | 1.5 | .8 | .9 | .8 | 1.3 | 2.0 | 2.1 | 2.5 | 2.5 |
| Over life of contract5/ | 2.2 | 1.7 | 1.8 | 1.8 | 2.0 | 2.2 | 2.1 | 2.2 | 2.0 |
| Contracts with COLA clauses | 2.5 | 2.0 | 1.7 | 1.8 | 1.7 | 1.7 | 1.5 | 1.4 | 1.5 |
| Contracts without COLA clauses | 2.1 | 1.6 | 1.8 | 1.8 | 2.1 | 2.5 | 2.5 | 2.7 | 2.6 |
| Manufacturing | | | | | | | | | |
| First year4/ | .1 | -1.0 | -1.2 | -1.5 | -.8 | 1.1 | 2.1 | 2.4 | 2.5 |
| Contracts with COLA clauses | .7 | 1.1 | 1.3 | 1.3 | 1.3 | 2.1 | 2.4 | 2.4 | 2.5 |
| Contracts without COLA clauses | -.4 | -2.0 | -2.8 | -3.5 | -2.7 | -.1 | 1.3 | 2.4 | 2.6 |
| Over life of contract5/ | 1.4 | .3 | .2 | 6/ | .3 | 1.0 | 1.3 | 1.5 | 1.6 |
| Contracts with COLA clauses | 2.0 | 1.1 | .9 | .8 | .8 | 1.0 | 1.0 | 1.0 | 1.3 |
| Contracts without COLA clauses | .9 | -.1 | -.2 | -.6 | -.2 | 1.2 | 2.1 | 2.7 | 2.6 |
| Nonmanufacturing | | | | | | | | | |
| First year4/ | 2.6 | 2.1 | 2.0 | 2.2 | 2.3 | 2.4 | 2.3 | 2.3 | 2.3 |
| Contracts with COLA clauses | 3.4 | 2.7 | 2.1 | 2.2 | 2.1 | 2.1 | 1.9 | 1.6 | 2.2 |
| Contracts without COLA clauses | 2.4 | 1.9 | 2.0 | 2.1 | 2.3 | 2.6 | 2.4 | 2.5 | 2.4 |
| Over life of contract5/ | 2.8 | 2.3 | 2.3 | 2.4 | 2.6 | 2.8 | 2.7 | 2.7 | 2.3 |
| Contracts with COLA clauses | 3.3 | 2.5 | 2.1 | 2.2 | 2.2 | 2.4 | 2.7 | 2.4 | 1.8 |
| Contracts without COLA clauses | 2.6 | 2.2 | 2.4 | 2.5 | 2.7 | 2.9 | 2.7 | 2.7 | 2.6 |
| Construction | | | | | | | | | |
| First year4/ | 2.3 | 2.3 | 2.2 | 2.4 | 2.7 | 3.0 | 2.9 | 2.9 | 2.5 |
| Contracts with COLA clauses | 1.1 | 1.4 | 1.4 | 1.6 | 3.7 | 7/ | 7/ | 7/ | 7/ |
| Contracts without COLA clauses | 2.4 | 2.4 | 2.3 | 2.4 | 2.7 | 7/ | 7/ | 7/ | 7/ |
| Over life of contract5/ | 2.5 | 2.6 | 2.5 | 2.5 | 2.9 | 3.2 | 3.1 | 3.1 | 2.7 |
| Contracts with COLA clauses | 1.2 | 1.6 | 1.6 | 1.4 | 3.8 | 7/ | 7/ | 7/ | 7/ |
| Contracts without COLA clauses | 2.6 | 2.6 | 2.5 | 2.6 | 2.9 | 7/ | 7/ | 7/ | 7/ |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.
6/ More than 0 and less than 0.05 percent.
7/ Data by COLA coverage do not meet publication standards.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1986 | | | 1987 | | | | 1988 | |
| | II | III | IV | I | II | III | IV | I1/ | II2/ |
| Total effective adjustments (prorated over all workers)3/.... | 2.9 | 2.3 | 2.3 | 2.0 | 2.2 | 2.6 | 3.1 | 3.2 | 3.0 |
| Source: | | | | | | | | | |
| From current settlements....... | .5 | .5 | .5 | .3 | .3 | .4 | .7 | .8 | .9 |
| From prior agreements.......... | 1.8 | 1.6 | 1.7 | 1.5 | 1.6 | 1.7 | 1.8 | 1.8 | 1.6 |
| From COLA...................... | .7 | .2 | .2 | .1 | .3 | .4 | .5 | .5 | .5 |
| Effective wage change for workers receiving change4/.............. | 3.8 | 3.1 | 2.8 | 2.4 | 2.8 | 3.2 | 3.6 | 3.8 | 3.7 |
| Source: | | | | | | | | | |
| From current settlements....... | 2.5 | 1.7 | 1.6 | 1.1 | .9 | 1.8 | 2.9 | 2.9 | 2.9 |
| From prior agreements.......... | 3.4 | 3.8 | 3.9 | 3.7 | 3.5 | 3.3 | 3.3 | 3.3 | 3.2 |
| From COLA...................... | 2.0 | 1.0 | 1.0 | .6 | 1.8 | 2.3 | 2.6 | 2.7 | 2.3 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8.
4/ See note 4, table 8.

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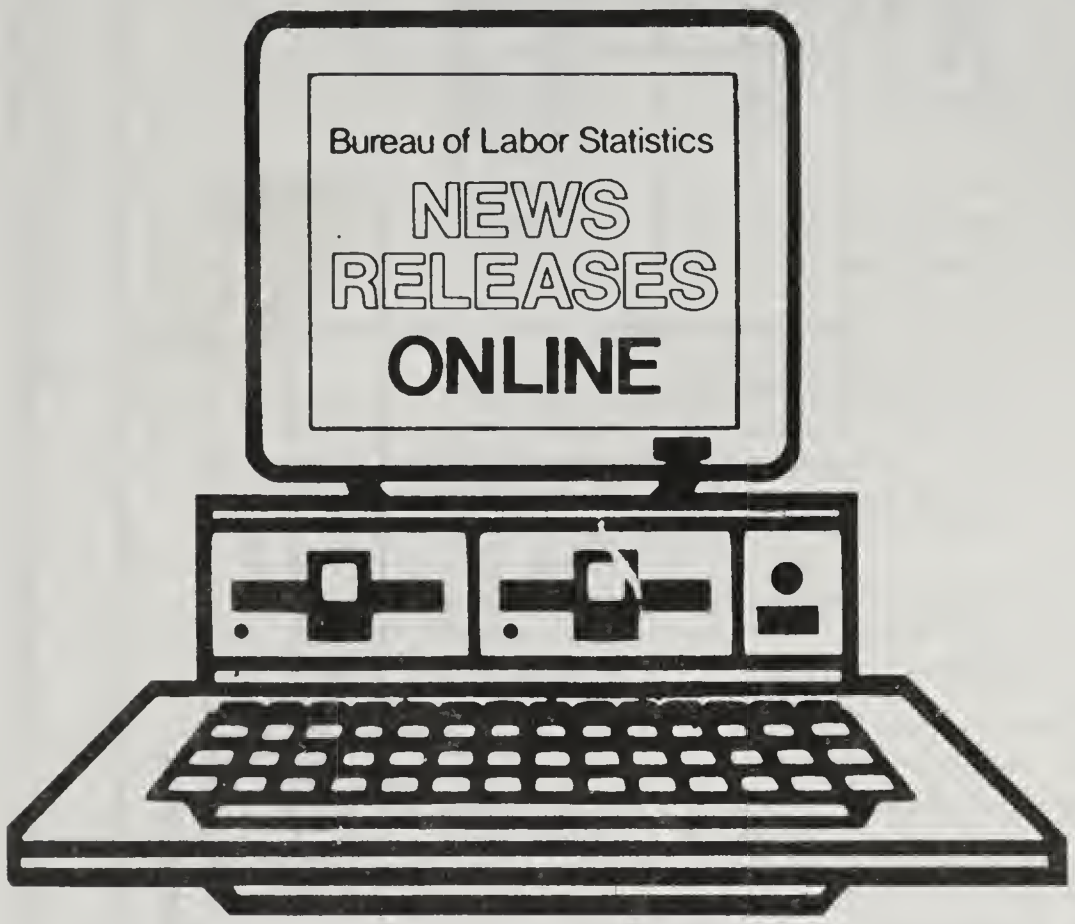

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 9 MONTHS 1988

Major collective bargaining settlements reached in private industry during the first 9 months of 1988 provided wage adjustments averaging 2.5 percent in the first contract year and 2.4 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The last time parties to these settlements negotiated, usually in 1985 or 1986, wage adjustments (increases, decreases, and freezes) averaged 1.9 percent the first contract year and 2.6 percent annually over the contract term.

The Bureau's major collective bargaining agreements series for private industry covers 6.1 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first 9 months of 1988, this release includes information on wage changes effective in the period that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLAs).

## Settlements in the first 9 months of 1988

Contracts covering 26 percent (372,000) of the 1,428,000 workers under settlements reached in the first 9 months of 1988 provided lump-sum payments. Such payments are typically made instead of wage increases, or to offset wage cuts. Lump sums are excluded from the adjustment data in this series. Settlements containing lump-sum provisions provided wage adjustments averaging 1.4 percent both in the first contract year and annually over the contract term. Corresponding averages for settlements without these provisions were 2.9 and 2.8 percent. Lump-sum provisions were negotiated in a variety of industries, but were concentrated in transportation equipment and electrical and electronic equipment manufacturing, and petroleum refining.

Contracts for 40 percent (575,000) of the workers under settlements in the first 9 months of 1988 had a COLA clause. These contracts specified average wage adjustments of 1.8 percent a year over their life, compared with 2.8 percent for contracts without COLA clauses. Settlements data exclude potential wage changes resulting from COLA clauses that depend upon future price changes. (See explanatory note.)

COLA clauses were introduced or reestablished for about 11 percent (161,000) of the workers under settlements reached in the first 9 months of 1988. Virtually all these workers are covered by the National Master Freight Agreement, reached by the Teamsters and Trucking Management, Inc., which reestablished the COLA clause that had been suspended during the prior agreement. Settlements for 18,000 workers dropped COLA's. As a result of these changes, the proportion of workers under major private industry bargaining agreements with COLA clauses was 40 percent compared with 38 percent at the end of 1987.

Average wage adjustments were lower in manufacturing settlements (2.3 percent the first year and 2.2 percent a year over their term) than in nonmanufacturing (2.7 percent and 2.5 percent, respectively). Lump-sum provisions and COLA clauses, however, were more prevalent in manufacturing. Fifty-one percent of the workers covered by settlements in manufacturing were under contracts containing lump-sum provisions, and 62 percent were under contracts with COLA clauses; corresponding coverages in nonmanufacturing were 10 and 26 percent.

Average wage adjustments under settlements in the construction industry (covering 23 percent of the workers under settlements in the first 9 months of 1988) averaged 2.4 percent in the first contract year and 2.7 percent over their term. Corresponding averages were 2.6 and 2.3 percent in all other industries. None of the construction settlements included lump sum or COLA provisions.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. Settlements reached in the first 9 months of 1988 provided compensation adjustments of 3.1 percent in the first contract year and 2.5 percent annually over the life of the contract.

Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in the first 9 months of 1988, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

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Effective wage adjustments in the first 9 months of 1988 averaged (in percent):

| | For workers receiving wage change(s) | For all workers (prorated) |
|---|---|---|
| All adjustments ........... | 2.8 | 2.0 |
| New settlements ......... | 2.7 | 0.5 |
| Deferred adjustments .... | 2.9 | 1.1 |
| COLA .................... | 1.8 | 0.4 |

Wage changes (increases and decreases) put into effect in the first 9 months of 1988 averaged 2.8 percent for the 4.3 million workers who received them. When this net wage gain was averaged over all 6.1 million workers covered by major agreements, the effective wage adjustment was 2.0 percent.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes (typically based on the Bureau's Consumer Price Index--CPI), the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 1,877,000 workers that had COLA reviews in the first 9 months of 1988, 1,190,000 had COLA-triggered wage increases averaging 1.8 percent. With the exception of 2,200 workers who had a COLA decrease, the remaining workers had no wage change, largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in the first 9 months averaged 47 percent of the price change during the COLA review period.

Fourth-quarter 1988 bargaining activity

There were 638,000 workers under 103 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to October 1, 1988. About 350,000 of these workers are employed by railroads; the balance are in a variety of industries. In addition, 248,000 workers are under 76 major agreements scheduled to expire or reopen for wage negotiations during October-December 1988. These workers are in a number of industries.

About 346,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 2.8 percent during the fourth quarter of 1988. These changes will be made under provisions of agreements negotiated earlier. About 1,147,000 workers are scheduled for COLA reviews during the quarter.

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## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wages and benefits.

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly earnings, excluding overtime, at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration data or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached in a prior period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for the first 9 months of 1988 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1989.

Additional historical information is available from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and issued semi-annually. Information for the first half of 1988 was released in August and data for the full year 1988 will be available in February 1989.

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Major private industry collective bargaining settlements data for the full year 1988 will be released on January 26, 1989 at 10:00 AM (EST). Other press releases scheduled for 1989 will be issued on April 25, July 25 and October 26, 1989.

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments1/ in collective bargaining settlements, first nine months of 1988.
(in percent)

| Measure | First-year adjustments2/ | Annual adjustment over life of contracts3/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 2.5 | 2.4 | 1,428 |
| Contracts with COLA clauses | 2.4 | 1.8 | 575 |
| Contracts without COLA clauses | 2.6 | 2.8 | 853 |
| Manufacturing | 2.3 | 2.2 | 559 |
| Contracts with COLA clauses | 2.0 | 1.9 | 348 |
| Contracts without COLA clauses | 2.6 | 2.7 | 211 |
| Nonmanufacturing | 2.7 | 2.5 | 869 |
| Contracts with COLA clauses | 2.9 | 1.6 | 227 |
| Contracts without COLA clauses | 2.6 | 2.8 | 642 |
| Construction | 2.4 | 2.7 | 332 |
| Contracts without COLA clauses | 2.4 | 2.7 | 332 |
| All industries excluding construction | 2.6 | 2.3 | 1,096 |
| Contracts with COLA clauses | 2.4 | 1.8 | 575 |
| Contracts without COLA clauses | 2.8 | 2.9 | 521 |
| Nonmanufacturing excluding construction | 2.9 | 2.4 | 537 |
| Contracts with COLA clauses | 2.9 | 1.6 | 227 |
| Contracts without COLA clauses | 2.9 | 3.0 | 310 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries. | 3.1 | 2.5 | 885 |
| Contracts with COLA clauses | 3.1 | 2.1 | 468 |
| Contracts without COLA clauses | 3.0 | 3.0 | 416 |
| Manufacturing | 2.8 | 2.4 | 358 |
| Contracts with COLA clauses | 2.7 | 2.1 | 251 |
| Contracts without COLA clauses | 3.1 | 3.1 | 107 |
| Nonmanufacturing | 3.3 | 2.6 | 527 |
| Contracts with COLA clauses | 3.6 | 2.1 | 218 |
| Contracts without COLA clauses | 3.0 | 3.0 | 309 |
| Construction | 3.4 | 3.4 | 143 |
| Contracts without COLA clauses | 3.4 | 3.4 | 143 |
| All industries excluding construction | 3.0 | 2.4 | 742 |
| Contracts with COLA clauses | 3.1 | 2.1 | 468 |
| Contracts without COLA clauses | 2.8 | 2.8 | 274 |
| Nonmanufacturing excluding construction | 3.2 | 2.4 | 384 |
| Contracts with COLA clauses | 3.6 | 2.1 | 218 |
| Contracts without COLA clauses | 2.6 | 2.7 | 166 |

1/ Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

2/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

3/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments 1/in collective bargaining settlements covering 1,000 workers or more, first nine months of 1988.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands)................ | 1,428 | 559 | 869 |
| Percent of workers | | | |
| All settlements................................. | 100 | 100 | 100 |
| No wage change.............................. | 18 | 25 | 14 |
| Decreases3/................................. | 2 | 1 | 2 |
| Increases................................... | 80 | 74 | 84 |
| Under 2 percent............................. | 14 | 12 | 15 |
| 2 and under 4 percent....................... | 35 | 30 | 39 |
| 4 and under 6 percent....................... | 28 | 31 | 25 |
| 6 percent and over ......................... | 3 | 1 | 5 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent)........................ | 2.5 | 2.3 | 2.7 |
| Median adjustment (percent)...................... | 2.4 | 2.5 | 2.4 |
| Mean increase (percent)........................ | 3.3 | 3.1 | 3.4 |
| Median increase (percent)...................... | 3.1 | 3.0 | 3.1 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments1/ over the life of the contract in collective bargaining settlements covering 1,000 workers or more, first nine months of 1988.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 1,428 | 559 | 869 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 12 | 17 | 8 |
| Decreases3/ | 2 | 1 | 2 |
| Increases | 87 | 82 | 90 |
| Under 2 percent | 32 | 33 | 31 |
| 2 and under 4 percent | 27 | 21 | 31 |
| 4 and under 6 percent | 25 | 28 | 24 |
| 6 percent and over | 2 | (4) | 3 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 2.4 | 2.2 | 2.5 |
| Median adjustment (percent) | 2.2 | 1.8 | 2.2 |
| Mean increase (percent) | 2.8 | 2.7 | 2.9 |
| Median increase (percent) | 2.5 | 2.5 | 2.9 |

1/ See note 1, table 1.
2/ See note 3, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ More than 0 and less than 0.05 percent.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

able 4. Annual rate of compensation (wage and benefit costs) adjustment1/ in collective bargaining ettlements covering 5,000 workers or more, first nine months of 1988.

| Measure | First-year adjustments2/ |
|---|---|
| Total number of workers (in thousands) | 884 |
| ercent of workers | |
| All settlements | 100 |
| No change | 5 |
| Decreases | 0 |
| Increases | 95 |
| Under 2 percent | 22 |
| 2 and under 4 percent | 44 |
| 4 and under 6 percent | 28 |
| 6 percent and over | 1 |
| djustments (in percent) | |
| Mean adjustment (percent) | 3.1 |
| Median adjustment (percent) | 3.5 |
| Mean increase (percent) | 3.3 |
| Median increase (percent) | 3.5 |
| | Adjustments averaged over life of contract3/ |
| Total number of workers (in thousands) | 884 |
| ercent of workers | |
| All settlements | 100 |
| No change | 6 |
| Decreases | 0 |
| Increases | 94 |
| Under 2 percent | 46 |
| 2 and under 4 percent | 23 |
| 4 and under 6 percent | 24 |
| 6 percent and over | 1 |
| djustments (in percent) | |
| Mean adjustment (percent) | 2.5 |
| Median adjustment (percent) | 1.8 |
| Mean increase (percent) | 2.7 |
| Median increase (percent) | 2.0 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment1/ in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, first nine months of 1988.

| Measure | First-year adjustments2/ | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 332 | 332 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 15 | 20 |
| Decreases3/ | 2 | 5 |
| Increases | 82 | 76 |
| Under 2 percent | 15 | 18 |
| 2 and under 4 percent | 37 | 25 |
| 4 and under 6 percent | 25 | 29 |
| 6 and under 8 percent | 5 | 3 |
| 8 percent and over | 0 | 1 |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 2.7 | 2.4 |
| Median adjustment (percent) | 3.0 | 3.0 |
| Mean increase (percent) | 3.4 | 3.4 |
| Median increase (percent) | 3.5 | 3.4 |
| Mean decrease (percent) | -6.7 | -4.3 |
| Median decrease (percent) | -9.7 | -.2 |

| | Adjustments averaged over life of contract4/ | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 332 | 332 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 12 | 13 |
| Decreases3/ | 2 | 5 |
| Increases | 85 | 82 |
| Under 2 percent | 16 | 20 |
| 2 and under 4 percent | 47 | 31 |
| 4 and under 6 percent | 19 | 28 |
| 6 and under 8 percent | 4 | 3 |
| 8 percent and over | 0 | 1 |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 2.8 | 2.7 |
| Median adjustment (percent) | 3.0 | 3.1 |
| Mean increase (percent) | 3.3 | 3.4 |
| Median increase (percent) | 3.3 | 3.8 |
| Mean decrease (percent) | -1.7 | -1.3 |
| Median decrease (percent) | -1.9 | -.1 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments1/ in collective bargaining settlements covering 1,000 workers or more by duration of contract, first nine months of 1988.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements.................. | 322 | 32 | 22 | 49 | 39 | 110 | 70 |
| Number of workers (in thousands)........ | 1,428 | 68 | 102 | 170 | 187 | 549 | 351 |
| Average duration (months).............. | 32.8 | 11.3 | 18.6 | 24.0 | 29.7 | 36.0 | 42.0 |
| Percent adjustment in: | | | | | | | |
| First contract year.............. | 2.5 | 1.6 | 3.4 | 2.5 | 2.1 | 2.8 | 2.2 |
| Second contract year2/........... | 2.2 | - | 1.5 | 2.8 | 1.7 | 2.3 | 2.3 |
| Third contract year3/............ | 2.1 | - | - | - | 1.0 | 2.3 | 2.4 |
| Average annual percent adjustment over life of contract.................... | 2.4 | 1.7 | 3.3 | 2.7 | 1.8 | 2.5 | 2.3 |

1/ See note 1, table 1.
2/ Average is based only on settlements with a duration greater than 12 months.
3/ Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached by quarter and year, third quarter 1987 - third quarter 1988. (in percent)

| Measure | 1987 | | | 1988 | | |
|---|---|---|---|---|---|---|
| | III | IV | Full year | I2/ | II2/ | III3/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries.................. | 2.1 | 2.4 | 2.2 | 2.1 | 2.6 | 2.7 |
| Contracts with COLA clauses... | 2.2 | 2.4 | 2.3 | 2.0 | 2.6 | 1.9 |
| Contracts without COLA clauses | 2.1 | 2.5 | 2.1 | 2.2 | 2.6 | 3.0 |
| Manufacturing.................. | 2.2 | 2.8 | 2.1 | 2.0 | 2.2 | 2.5 |
| Contracts with COLA clauses... | 2.6 | 2.6 | 2.4 | 1.0 | 2.3 | 1.8 |
| Contracts without COLA clauses | 1.5 | 4.1 | 1.3 | 2.4 | 1.9 | 3.6 |
| Nonmanufacturing............... | 2.1 | 1.6 | 2.3 | 2.2 | 2.8 | 2.8 |
| Contracts with COLA clauses... | 1.8 | .1 | 1.9 | 3.9 | 2.9 | 3.1 |
| Contracts without COLA clauses | 2.3 | 2.0 | 2.4 | 2.1 | 2.8 | 2.8 |
| Construction.................. | 3.9 | -.9 | 2.9 | 1.2 | 2.7 | 1.9 |
| All industries excluding construction.................. | 1.8 | 2.6 | 2.0 | 2.2 | 2.6 | 3.0 |
| Nonmanufacturing excluding construction.................. | 1.6 | 1.9 | 1.9 | 2.3 | 2.9 | 4.4 |
| Annual average over life of contract5/ | | | | | | |
| All industries.................. | 2.0 | 1.8 | 2.1 | 2.3 | 2.2 | 2.9 |
| Contracts with COLA clauses... | 1.5 | 1.2 | 1.5 | 2.0 | 1.8 | 1.7 |
| Contracts without COLA clauses | 2.4 | 2.7 | 2.5 | 2.3 | 2.7 | 3.5 |
| Manufacturing.................. | 1.2 | 1.5 | 1.3 | 2.0 | 2.0 | 2.6 |
| Contracts with COLA clauses... | 1.0 | 1.0 | 1.0 | 1.3 | 2.0 | 1.7 |
| Contracts without COLA clauses | 1.7 | 4.1 | 2.1 | 2.3 | 2.0 | 3.8 |
| Nonmanufacturing................ | 2.5 | 2.2 | 2.7 | 2.4 | 2.3 | 3.3 |
| Contracts with COLA clauses... | 2.0 | 2.5 | 2.7 | 3.5 | 1.5 | 2.2 |
| Contracts without COLA clauses | 2.7 | 2.2 | 2.7 | 2.4 | 2.8 | 3.3 |
| Construction.................. | 4.1 | -.8 | 3.1 | 1.3 | 2.8 | 2.8 |
| All industries excluding construction.................. | 1.6 | 1.8 | 1.8 | 2.4 | 2.0 | 3.0 |
| Nonmanufacturing excluding construction................. | 2.0 | 2.6 | 2.5 | 2.6 | 2.0 | 4.1 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries................. | 2.5 | 3.4 | 3.0 | 1.8 | 3.3 | 3.4 |
| Contracts with COLA clauses... | 3.2 | 3.2 | 3.2 | 1.5 | 3.4 | 2.2 |
| Contracts without COLA clauses | 1.3 | 4.0 | 2.7 | 1.8 | 3.1 | 4.1 |
| Annual average over life of contract5/ | | | | | | |
| All industries................. | 2.1 | 2.4 | 2.6 | 1.8 | 2.4 | 3.3 |
| Contracts with COLA clauses... | 2.5 | 2.1 | 2.3 | .8 | 2.2 | 1.8 |
| Contracts without COLA clauses | 1.6 | 3.3 | 2.9 | 2.0 | 2.9 | 4.3 |

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1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, by quarter and year, third quarter 1987 - third quarter 1988.
(in percent)

| Characteristic | 1987 | | | 1988 | | |
|---|---|---|---|---|---|---|
| | III | IV | Full Year | I1/ | II1/ | III2/ |
| Adjustments (prorated over all workers)3/ | | | | | | |
| Total effective adjustments | 0.9 | 0.8 | 3.1 | 0.4 | 0.9 | 0.8 |
| Source: | | | | | | |
| Current settlements | .2 | .3 | .7 | .1 | .3 | .2 |
| Prior agreements | .6 | .3 | 1.8 | .3 | .5 | .4 |
| COLA provisions | .1 | .2 | .5 | .1 | .1 | .2 |
| Industry | | | | | | |
| Manufacturing | 1.0 | 1.2 | 3.4 | .4 | .7 | .7 |
| Nonmanufacturing | .9 | .5 | 2.9 | .4 | 1.0 | .8 |
| Nonmanufacturing excluding construction | .8 | .7 | 2.8 | .5 | .7 | .8 |
| Construction | 1.0 | .1 | 3.1 | .3 | 1.8 | .8 |
| Transportation and public utilities | .9 | .5 | 2.7 | .3 | .7 | .8 |
| Wholesale and retail trade | .3 | .5 | 2.0 | .2 | .8 | .6 |
| Services | 1.4 | 1.1 | 3.8 | 1.0 | .6 | 1.2 |
| Effective wage change for workers receiving changes4/ | | | | | | |
| Total effective wage change | 2.7 | 2.4 | 3.6 | 1.6 | 2.4 | 2.1 |
| Source: | | | | | | |
| Current settlements | 2.8 | 2.8 | 2.9 | 2.7 | 3.1 | 2.8 |
| Prior agreements | 2.7 | 2.5 | 3.3 | 2.7 | 3.3 | 2.5 |
| COLA provisions | 1.5 | 1.0 | 2.6 | .6 | .6 | 1.1 |
| Total number of workers receiving wage change (in thousands)5/ | 2,127.2 | 2,016.4 | 5,376.3 | 1,660.7 | 2,254.9 | 2,183.9 |
| Source: | | | | | | |
| Current settlements | 476.2 | 739.0 | 1,620.1 | 200.3 | 620.0 | 351.6 |
| Prior agreements | 1,376.9 | 652.4 | 3,547.1 | 601.0 | 868.0 | 989.5 |
| COLA provisions | 474.0 | 1,024.8 | 1,276.7 | 956.1 | 843.8 | 1,038.1 |
| Number of workers not receiving a wage change (in thousands) | 4,205.4 | 4,316.2 | 956.3 | 4,415.2 | 3,821.0 | 3,892.0 |

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1/ Preliminary revised.
2/ Preliminary.
3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.
4/ The total change reflects the worker weighted average of each source of wage change.
5/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 9. Average wage adjustments 1/ in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1986 | | 1987 | | | | 1988 | | |
| | III | IV | I | II | III | IV | I 2/ | II 2/ | III 3/ |
| All industries | | | | | | | | | |
| First year 4/ | 1.2 | 1.2 | 1.2 | 1.5 | 2.0 | 2.2 | 2.4 | 2.4 | 2.5 |
| Contracts with COLA clauses | 2.2 | 1.9 | 2.0 | 1.8 | 2.1 | 2.3 | 2.2 | 2.4 | 2.4 |
| Contracts without COLA clauses | .8 | .9 | .8 | 1.3 | 2.0 | 2.1 | 2.5 | 2.4 | 2.6 |
| Over life of contract 5/ | 1.7 | 1.8 | 1.8 | 2.0 | 2.2 | 2.1 | 2.2 | 2.0 | 2.2 |
| Contracts with COLA clauses | 2.0 | 1.7 | 1.8 | 1.7 | 1.7 | 1.5 | 1.4 | 1.5 | 1.5 |
| Contracts without COLA clauses | 1.6 | 1.8 | 1.8 | 2.1 | 2.5 | 2.5 | 2.7 | 2.5 | 2.8 |
| Manufacturing | | | | | | | | | |
| First year 4/ | -1.0 | -1.2 | -1.5 | -.8 | 1.1 | 2.1 | 2.4 | 2.5 | 2.5 |
| Contracts with COLA clauses | 1.1 | 1.3 | 1.3 | 1.3 | 2.1 | 2.4 | 2.4 | 2.5 | 2.4 |
| Contracts without COLA clauses | -2.0 | -2.8 | -3.5 | -2.7 | -.1 | 1.3 | 2.4 | 2.5 | 3.0 |
| Over life of contract 5/ | .3 | .2 | 6/ | .3 | 1.0 | 1.3 | 1.5 | 1.6 | 1.9 |
| Contracts with COLA clauses | 1.1 | .9 | .8 | .8 | 1.0 | 1.0 | 1.0 | 1.3 | 1.4 |
| Contracts without COLA clauses | -.1 | -.2 | -.6 | -.2 | 1.2 | 2.1 | 2.7 | 2.5 | 3.1 |
| Nonmanufacturing | | | | | | | | | |
| First year 4/ | 2.1 | 2.0 | 2.2 | 2.3 | 2.4 | 2.3 | 2.3 | 2.3 | 2.5 |
| Contracts with COLA clauses | 2.7 | 2.1 | 2.2 | 2.1 | 2.1 | 1.9 | 1.6 | 2.2 | 2.4 |
| Contracts without COLA clauses | 1.9 | 2.0 | 2.1 | 2.3 | 2.6 | 2.4 | 2.5 | 2.4 | 2.5 |
| Over life of contract 5/ | 2.3 | 2.3 | 2.4 | 2.6 | 2.8 | 2.7 | 2.7 | 2.3 | 2.5 |
| Contracts with COLA clauses | 2.5 | 2.1 | 2.2 | 2.2 | 2.4 | 2.7 | 2.4 | 1.9 | 1.8 |
| Contracts without COLA clauses | 2.2 | 2.4 | 2.5 | 2.7 | 2.9 | 2.7 | 2.7 | 2.6 | 2.7 |
| Construction | | | | | | | | | |
| First year 4/ | 2.3 | 2.2 | 2.4 | 2.7 | 3.0 | 2.9 | 2.9 | 2.6 | 2.1 |
| Contracts with COLA clauses | 1.4 | 1.4 | 1.6 | 3.7 | 7/ | 7/ | 7/ | 7/ | 7/ |
| Contracts without COLA clauses | 2.4 | 2.3 | 2.4 | 2.7 | 7/ | 7/ | 7/ | 7/ | 7/ |
| Over life of contract 5/ | 2.6 | 2.5 | 2.5 | 2.9 | 3.2 | 3.1 | 3.1 | 2.7 | 2.4 |
| Contracts with COLA clauses | 1.6 | 1.6 | 1.4 | 3.8 | 7/ | 7/ | 7/ | 7/ | 7/ |
| Contracts without COLA clauses | 2.6 | 2.5 | 2.6 | 2.9 | 7/ | 7/ | 7/ | 7/ | 7/ |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.
6/ More than 0 and less than 0.05 percent.
7/ Data by COLA coverage do not meet publication standards.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1986 | | 1987 | | | | 1988 | | |
| | III | IV | I | II | III | IV | I1/ | II1/ | III2/ |
| Total effective adjustments (prorated over all workers)3/.... | 2.3 | 2.3 | 2.0 | 2.2 | 2.6 | 3.1 | 3.2 | 3.0 | 2.8 |
| Source: | | | | | | | | | |
| From current settlements....... | .5 | .5 | .3 | .3 | .4 | .7 | .8 | 1.0 | .9 |
| From prior agreements.......... | 1.6 | 1.7 | 1.5 | 1.6 | 1.7 | 1.8 | 1.8 | 1.6 | 1.4 |
| From COLA...................... | .2 | .2 | .1 | .3 | .4 | .5 | .5 | .5 | .5 |
| Effective wage change for workers receiving change4/............... | 3.1 | 2.8 | 2.4 | 2.8 | 3.2 | 3.6 | 3.8 | 3.7 | 3.5 |
| Source: | | | | | | | | | |
| From current settlements....... | 1.7 | 1.6 | 1.1 | .9 | 1.8 | 2.9 | 2.9 | 2.9 | 2.9 |
| From prior agreements.......... | 3.8 | 3.9 | 3.7 | 3.5 | 3.3 | 3.3 | 3.3 | 3.3 | 3.0 |
| From COLA...................... | 1.0 | 1.0 | .6 | 1.8 | 2.3 | 2.6 | 2.7 | 2.3 | 2.5 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8.
4/ See note 4, table 8.

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Thursday, January 26, 1989

# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, 1988

Major collective bargaining settlements reached in private industry during 1988 provided wage adjustments averaging 2.6 percent in the first contract year and 2.4 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The last time parties to these settlements negotiated, usually in 1985 or 1986, wage adjustments (increases, decreases, and freezes) averaged 1.8 percent the first contract year and 2.6 percent annually over the contract term.

The Bureau's major collective bargaining agreements series for private industry covers 6.0 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in 1988, this release includes information on wage changes effective in the year that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLAs).

## Settlements in 1988

Contracts covering 28 percent (504,000) of the workers under 1988 settlements provided lump-sum payments. Such payments--typically made instead of wage increases, or to offset wage cuts--are excluded from this series. Settlements containing lump-sum provisions called for wage adjustments averaging 1.4 percent both in the first contract year and annually over the contract term. Corresponding averages for settlements without lump-sums were 3.0 and 2.8 percent. Lump-sum provisions were negotiated in a variety of industries, but were concentrated in transportation equipment and electrical and electronic equipment manufacturing.

Contracts for 38 percent (686,000) of the workers under 1988 settlements had a COLA clause. These contracts specified average wage adjustments of 1.8 percent a year over their life, compared with 2.8 percent for contracts without COLA clauses. Settlements data exclude potential wage changes resulting from COLA clauses that depend upon future price changes. (See explanatory note.)

COLA clauses were introduced or reestablished for about 11 percent (190,000) of the workers under settlements reached in 1988. Virtually all these workers are covered by the National Master Freight Agreement, reached by the Teamsters and Trucking Management, Inc., which reestablished the COLA clause that had been suspended during the prior agreement. Settlements for 39,000 workers dropped COLA's. As a result of these changes, the proportion of workers under major private industry bargaining agreements with COLA clauses was 40 percent in 1989 compared with 38 percent at the end of 1987.

Average wage adjustments were lower in manufacturing settlements (2.2 percent the first year and 2.1 percent a year over their term) than in nonmanufacturing (2.8 percent and 2.5 percent, respectively). Lump-sum provisions and COLA clauses, however, were more prevalent in manufacturing. Fifty-five percent of the workers covered by settlements in manufacturing were under contracts containing lump-sum provisions, and 60 percent were under contracts with COLA clauses; corresponding coverages in nonmanufacturing were 11 and 24 percent.

Average wage adjustments under settlements in the construction industry (covering 22 percent of the workers under settlements in 1988) averaged 2.2 percent in the first contract year and 2.6 percent over their term. Corresponding averages in all other industries were 2.7 and 2.3 percent. None of the construction settlements included lump sum or COLA provisions.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. Such settlements reached in 1988 provided compensation adjustments of 3.1 percent in the first contract year and 2.5 percent annually over the life of the contract.

## Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in 1988, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

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Effective wage adjustments in 1988 averaged (in percent):

| | For workers receiving wage change(s) | For all workers (prorated) |
|---|---|---|
| All adjustments ........... | 3.3 | 2.6 |
| New settlements ......... | 3.1 | 0.7 |
| Deferred adjustments .... | 3.0 | 1.3 |
| COLA .................... | 2.7 | 0.6 |

Wage changes (increases and decreases) put into effect in 1988 averaged 3.3 percent for the 4.7 million workers who received them. When this net wage gain was averaged over all 6.0 million workers covered by major agreements, the effective wage adjustment was 2.6 percent.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes (typically based on the Bureau's Consumer Price Index--CPI), the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 1,957,000 workers who had COLA reviews in 1988, 1,268,000 had COLA-triggered wage increases averaging 2.7 percent. The remaining workers had no COLA wage change, largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in 1988 averaged :7 percent of the price change during the COLA review period.

First-quarter 1989 bargaining activity

There were 598,000 workers under 104 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to January 1, 1989. About 350,000 of these workers are employed by railroads, and 82,000 by airlines; the balance are in a variety of industries. In addition, 266,000 workers are under 83 major agreements scheduled to expire or reopen for wage negotiations during January-March 1989, primarily in food stores and construction.

About 565,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 3.2 percent during the first quarter of 1989. These changes will be made under provisions of agreements negotiated earlier. About 1,166,000 workers are scheduled for COLA reviews during the quarter.

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## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 7 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wage and benefit rates.

Percentage changes in wage rates are calculated by dividing newly negotiated wage rate changes by the average hourly rate at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) rate change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by the existing average hourly compensation rate, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration date or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases and no change in wage rates during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached in a prior period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change.

Wage rate changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for 1988 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1989.

Additional historical information is available from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and issued semi-annually. Information for 1988 will be released in February, 1989.

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Major private industry collective bargaining
settlements data for the first quarter of 1989
will be released on April 25, 1989 at 10:00 AM (EDT).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments[1] in collective bargaining settlements, 1988.
(in percent)

| Measure | First-year adjustments[2] | Annual adjustment over life of contracts[3] | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 2.6 | 2.4 | 1,799 |
| Contracts with COLA clauses | 2.4 | 1.8 | 686 |
| Contracts without COLA clauses | 2.7 | 2.8 | 1,113 |
| Manufacturing | 2.2 | 2.1 | 706 |
| Contracts with COLA clauses | 2.1 | 1.8 | 426 |
| Contracts without COLA clauses | 2.5 | 2.6 | 280 |
| Nonmanufacturing | 2.8 | 2.5 | 1,093 |
| Contracts with COLA clauses | 2.9 | 1.7 | 259 |
| Contracts without COLA clauses | 2.7 | 2.8 | 834 |
| Construction | 2.2 | 2.6 | 393 |
| Contracts without COLA clauses | 2.2 | 2.6 | 393 |
| All industries excluding construction | 2.6 | 2.3 | 1,406 |
| Contracts with COLA clauses | 2.4 | 1.8 | 686 |
| Contracts without COLA clauses | 2.9 | 2.8 | 721 |
| Nonmanufacturing excluding construction | 3.1 | 2.5 | 700 |
| Contracts with COLA clauses | 2.9 | 1.7 | 259 |
| Contracts without COLA clauses | 3.2 | 2.9 | 441 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 3.1 | 2.5 | 1,103 |
| Contracts with COLA clauses | 3.3 | 2.2 | 544 |
| Contracts without COLA clauses | 2.9 | 2.8 | 559 |
| Manufacturing | 2.9 | 2.3 | 448 |
| Contracts with COLA clauses | 3.1 | 2.1 | 296 |
| Contracts without COLA clauses | 2.6 | 2.6 | 151 |
| Nonmanufacturing | 3.2 | 2.6 | 655 |
| Contracts with COLA clauses | 3.7 | 2.2 | 248 |
| Contracts without COLA clauses | 3.0 | 2.9 | 407 |
| Construction | 2.6 | 3.1 | 181 |
| Contracts without COLA clauses | 2.6 | 3.1 | 181 |
| All industries excluding construction | 3.2 | 2.4 | 922 |
| Contracts with COLA clauses | 3.3 | 2.2 | 544 |
| Contracts without COLA clauses | 3.0 | 2.6 | 378 |
| Nonmanufacturing excluding construction | 3.5 | 2.5 | 475 |
| Contracts with COLA clauses | 3.7 | 2.2 | 248 |
| Contracts without COLA clauses | 3.3 | 2.7 | 227 |

---

[1] Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

[2] Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

[3] Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments 1/ in collective bargaining settlements covering 1,000 workers or more, 1988.

| Measure 2/ | All industries | Manu- facturing | Nonmanu- facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 1,799 | 706 | 1,093 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 20 | 27 | 15 |
| Decreases 3/ | 2 | (4) | 2 |
| Increases | 79 | 73 | 83 |
| Under 2 percent | 13 | 11 | 14 |
| 2 and under 4 percent | 38 | 33 | 41 |
| 4 and under 6 percent | 24 | 27 | 22 |
| 6 percent and over | 4 | 1 | 6 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 2.6 | 2.2 | 2.8 |
| Median adjustment (percent) | 2.4 | 2.5 | 2.4 |
| Mean increase (percent) | 3.4 | 3.1 | 3.5 |
| Median increase (percent) | 3.1 | 3.1 | 3.1 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ Less than 0.5 percent.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments1/ over the life of the contract in collective bargaining settlements covering 1,000 workers or more, 1988.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 1,799 | 706 | 1,093 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 11 | 15 | 8 |
| Decreases3/ | 2 | (4) | 2 |
| Increases | 88 | 84 | 90 |
| Under 2 percent | 32 | 39 | 28 |
| 2 and under 4 percent | 31 | 21 | 37 |
| 4 and under 6 percent | 23 | 24 | 22 |
| 6 percent and over | 2 | 1 | 3 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 2.4 | 2.1 | 2.5 |
| Median adjustment (percent) | 2.2 | 1.8 | 2.2 |
| Mean increase (percent) | 2.7 | 2.5 | 2.9 |
| Median increase (percent) | 2.4 | 2.0 | 2.6 |

1/ See note 1, table 1.
2/ See note 3, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ Less than 0.5 percent.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment1/ in collective bargaining settlements covering 5,000 workers or more, 1988.

| Measure | First-year adjustments2/ |
|---|---|
| Total number of workers (in thousands) | 1,103 |
| Percent of workers | |
| All settlements | 100 |
| No change | 9 |
| Decreases | 1 |
| Increases | 89 |
| Under 2 percent | 19 |
| 2 and under 4 percent | 41 |
| 4 and under 6 percent | 25 |
| 6 percent and over | 5 |
| Adjustments (in percent) | |
| Mean adjustment (percent) | 3.1 |
| Median adjustment (percent) | 3.4 |
| Mean increase (percent) | 3.5 |
| Median increase (percent) | 3.5 |
| | Adjustments averaged over life of contract3/ |
| Total number of workers (in thousands) | 1,103 |
| Percent of workers | |
| All settlements | 100 |
| No change | 5 |
| Decreases | 0 |
| Increases | 95 |
| Under 2 percent | 44 |
| 2 and under 4 percent | 28 |
| 4 and under 6 percent | 22 |
| 6 percent and over | 1 |
| Adjustments (in percent) | |
| Mean adjustment (percent) | 2.5 |
| Median adjustment (percent) | 2.0 |
| Mean increase (percent) | 2.6 |
| Median increase (percent) | 2.0 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment[1] in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, 1988.

| Measure | First-year adjustments[2] | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 393 | 393 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 19 | 23 |
| Decreases[3] | 7 | 4 |
| Increases | 74 | 73 |
| Under 2 percent | 12 | 19 |
| 2 and under 4 percent | 36 | 27 |
| 4 and under 6 percent | 22 | 25 |
| 6 and under 8 percent | 4 | 3 |
| 8 percent and over | 0 | 1 |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 2.3 | 2.2 |
| Median adjustment (percent) | 2.7 | 2.6 |
| Mean increase (percent) | 3.4 | 3.3 |
| Median increase (percent) | 3.4 | 3.2 |
| Mean decrease (percent) | -3.4 | -4.3 |
| Median decrease (percent) | -2.0 | -.2 |

| Measure | Adjustments averaged over life of contract[4] | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 393 | 393 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 12 | 13 |
| Decreases[3] | 2 | 4 |
| Increases | 86 | 83 |
| Under 2 percent | 18 | 18 |
| 2 and under 4 percent | 49 | 38 |
| 4 and under 6 percent | 16 | 24 |
| 6 and under 8 percent | 3 | 3 |
| 8 percent and over | 0 | 1 |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 2.7 | 2.6 |
| Median adjustment (percent) | 2.8 | 2.7 |
| Mean increase (percent) | 3.2 | 3.2 |
| Median increase (percent) | 3.0 | 3.2 |
| Mean decrease (percent) | -1.7 | -1.1 |
| Median decrease (percent) | -1.9 | -.1 |

[1] See note 1, table 1.
[2] See note 2, table 1.
[3] Distributions are not shown to protect confidentiality.
[4] See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments1/ in collective bargaining settlements covering 1,000 workers or more by duration of contract, 1988.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 415 | 39 | 30 | 55 | 52 | 137 | 102 |
| Number of workers (in thousands) | 1,799 | 91 | 135 | 186 | 246 | 660 | 480 |
| Average duration (months) | 33.3 | 11.1 | 17.7 | 24.0 | 31.1 | 36.0 | 43.0 |
| Percent adjustment in: | | | | | | | |
| First contract year | 2.6 | 1.7 | 3.2 | 2.5 | 2.8 | 2.7 | 2.2 |
| Second contract year2/ | 2.2 | - | 1.2 | 2.8 | 1.7 | 2.3 | 2.3 |
| Third contract year3/ | 2.1 | - | - | - | 1.0 | 2.3 | 2.3 |
| Average annual percent adjustment over life of contract | 2.4 | 1.9 | 3.1 | 2.6 | 2.0 | 2.4 | 2.3 |

1/ See note 1, table 1.
2/ Average is based only on settlements with a duration greater than 12 months.
3/ Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached in 1987 and, by quarter, 1988.
(in percent)

| Measure | 1987 | 1988 | | | | |
|---|---|---|---|---|---|---|
| | Full year | I2/ | II2/ | III2/ | IV3/ | Full year3/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries.................. | 2.2 | 2.1 | 2.6 | 2.7 | 2.7 | 2.6 |
| Contracts with COLA clauses... | 2.3 | 2.0 | 2.6 | 1.9 | 2.4 | 2.4 |
| Contracts without COLA clauses | 2.1 | 2.2 | 2.6 | 3.1 | 2.9 | 2.7 |
| Manufacturing................... | 2.1 | 2.1 | 2.2 | 2.5 | 2.0 | 2.2 |
| Contracts with COLA clauses... | 2.4 | 1.0 | 2.3 | 1.7 | 2.2 | 2.1 |
| Contracts without COLA clauses | 1.3 | 2.4 | 1.9 | 3.6 | 1.7 | 2.5 |
| Nonmanufacturing................ | 2.3 | 2.2 | 2.8 | 2.8 | 3.4 | 2.8 |
| Contracts with COLA clauses... | 1.9 | 3.9 | 2.9 | 2.7 | 2.9 | 2.9 |
| Contracts without COLA clauses | 2.4 | 2.1 | 2.7 | 2.8 | 3.5 | 2.7 |
| Construction.................... | 2.9 | 1.2 | 2.7 | 1.9 | .4 | 2.2 |
| All industries excluding construction.................. | 2.0 | 2.2 | 2.5 | 3.0 | 3.0 | 2.6 |
| Nonmanufacturing excluding construction.................. | 1.9 | 2.3 | 2.8 | 3.9 | 4.1 | 3.1 |
| Annual average over life of contract5/ | | | | | | |
| All industries.................. | 2.1 | 2.3 | 2.2 | 2.8 | 2.3 | 2.4 |
| Contracts with COLA clauses... | 1.5 | 2.1 | 1.8 | 1.6 | 1.7 | 1.8 |
| Contracts without COLA clauses | 2.5 | 2.4 | 2.6 | 3.5 | 2.5 | 2.8 |
| Manufacturing.................... | 1.3 | 2.1 | 2.0 | 2.5 | 1.8 | 2.1 |
| Contracts with COLA clauses... | 1.0 | 1.3 | 2.0 | 1.6 | 1.4 | 1.8 |
| Contracts without COLA clauses | 2.1 | 2.3 | 2.0 | 3.8 | 2.3 | 2.6 |
| Nonmanufacturing................ | 2.7 | 2.5 | 2.3 | 3.1 | 2.7 | 2.5 |
| Contracts with COLA clauses... | 2.7 | 3.5 | 1.5 | 1.3 | 2.8 | 1.7 |
| Contracts without COLA clauses | 2.7 | 2.4 | 2.8 | 3.3 | 2.7 | 2.8 |
| Construction.................... | 3.1 | 1.8 | 2.7 | 2.8 | 1.7 | 2.6 |
| All industries excluding construction.................. | 1.8 | 2.4 | 2.0 | 2.8 | 2.3 | 2.3 |
| Nonmanufacturing excluding construction................. | 2.5 | 2.6 | 2.0 | 3.5 | 2.9 | 2.5 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries................. | 3.0 | 1.8 | 3.1 | 3.4 | 3.8 | 3.1 |
| Contracts with COLA clauses... | 3.2 | 1.5 | 3.4 | 2.5 | 4.6 | 3.3 |
| Contracts without COLA clauses | 2.7 | 1.8 | 2.6 | 4.0 | 3.2 | 2.9 |
| Annual average over life of contract5/ | | | | | | |
| All industries................. | 2.6 | 1.8 | 2.4 | 3.2 | 2.2 | 2.5 |
| Contracts with COLA clauses... | 2.3 | .8 | 2.2 | 1.8 | 2.6 | 2.2 |
| Contracts without COLA clauses | 2.9 | 2.0 | 2.8 | 4.0 | 2.0 | 2.8 |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, 1987 and, by quarter, 1988
(in percent)

| Characteristic | 1987 | 1988 | | | | |
|---|---|---|---|---|---|---|
| | Full Year | I1/ | II1/ | III1/ | IV2/ | Full Year2/ |
| Adjustments (prorated over all workers)3/ | | | | | | |
| Total effective adjustments ......... | 3.1 | 0.4 | 0.9 | 0.8 | 0.5 | 2.6 |
| Source: | | | | | | |
| Current settlements............. | .7 | .1 | .3 | .2 | .1 | .7 |
| Prior agreements................ | 1.8 | .3 | .5 | .4 | .2 | 1.3 |
| COLA provisions................. | .5 | .1 | .1 | .2 | .2 | .6 |
| Industry | | | | | | |
| Manufacturing...................... | 3.4 | .5 | .7 | .8 | .9 | 2.8 |
| Nonmanufacturing................... | 2.9 | .4 | 1.0 | .8 | .3 | 2.5 |
| Nonmanufacturing excluding construction..................... | 2.8 | .5 | .7 | .8 | .4 | 2.4 |
| Construction....................... | 3.1 | .3 | 1.8 | .8 | .1 | 2.9 |
| Transportation and public utilities. | 2.7 | .3 | .7 | .8 | .2 | 2.1 |
| Wholesale and retail trade.......... | 2.0 | .2 | .8 | .6 | .7 | 2.3 |
| Services........................... | 3.8 | 1.0 | .6 | 1.2 | .7 | 3.5 |
| Effective wage change for workers receiving changes4/ | | | | | | |
| Total effective wage change.......... | 3.6 | 1.6 | 2.3 | 2.1 | 1.9 | 3.3 |
| Source: | | | | | | |
| Current settlements............. | 2.9 | 2.7 | 3.1 | 2.7 | 3.1 | 3.1 |
| Prior agreements................ | 3.3 | 2.7 | 3.3 | 2.5 | 2.8 | 3.0 |
| COLA provisions................. | 2.6 | .6 | .6 | 1.1 | 1.2 | 2.7 |
| Total number of workers receiving wage change (in thousands)5/.............. | 5,376.3 | 1,658.3 | 2,268.8 | 2,231.5 | 1,553.9 | 4,736.4 |
| Source: | | | | | | |
| Current settlements............. | 1,620.1 | 202.8 | 650.0 | 395.6 | 265.5 | 1,423.5 |
| Prior agreements................ | 3,547.1 | 603.5 | 849.3 | 988.4 | 344.3 | 2,612.2 |
| COLA provisions................. | 1,276.7 | 952.8 | 846.4 | 1,042.9 | 1,002.9 | 1,268.4 |
| Number of workers not receiving a wage change (in thousands)................ | 956.3 | 4,363.9 | 3,753.5 | 3,790.7 | 4,468.3 | 1,285.9 |

1/ Preliminary revised.
2/ Preliminary.
3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.
4/ The total change reflects the worker weighted average of each source of wage change.
5/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 9. Average wage adjustments 1/in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1986 | 1987 | | | | 1988 | | | |
| | IV | I | II | III | IV | I2/ | II2/ | III2/ | IV3/ |
| All industries | | | | | | | | | |
| First year4/ | 1.2 | 1.2 | 1.5 | 2.0 | 2.2 | 2.4 | 2.4 | 2.5 | 2.6 |
| Contracts with COLA clauses | 1.9 | 2.0 | 1.8 | 2.1 | 2.3 | 2.2 | 2.4 | 2.4 | 2.4 |
| Contracts without COLA clauses | .9 | .8 | 1.3 | 2.0 | 2.1 | 2.5 | 2.4 | 2.6 | 2.7 |
| Over life of contract5/ | 1.8 | 1.8 | 2.0 | 2.2 | 2.1 | 2.2 | 2.0 | 2.2 | 2.4 |
| Contracts with COLA clauses | 1.7 | 1.8 | 1.7 | 1.7 | 1.5 | 1.4 | 1.5 | 1.5 | 1.8 |
| Contracts without COLA clauses | 1.8 | 1.8 | 2.1 | 2.5 | 2.5 | 2.7 | 2.5 | 2.8 | 2.8 |
| Manufacturing | | | | | | | | | |
| First year4/ | -1.2 | -1.5 | -.8 | 1.1 | 2.1 | 2.4 | 2.5 | 2.5 | 2.2 |
| Contracts with COLA clauses | 1.3 | 1.3 | 1.3 | 2.1 | 2.4 | 2.4 | 2.5 | 2.4 | 2.1 |
| Contracts without COLA clauses | -2.8 | -3.5 | -2.7 | -.1 | 1.3 | 2.4 | 2.5 | 3.0 | 2.5 |
| Over life of contract5/ | .2 | 6/ | .3 | 1.0 | 1.3 | 1.5 | 1.6 | 1.9 | 2.1 |
| Contracts with COLA clauses | .9 | .8 | .8 | 1.0 | 1.0 | 1.0 | 1.3 | 1.4 | 1.8 |
| Contracts without COLA clauses | -.2 | -.6 | -.2 | 1.2 | 2.1 | 2.7 | 2.5 | 3.1 | 2.6 |
| Nonmanufacturing | | | | | | | | | |
| First year4/ | 2.0 | 2.2 | 2.3 | 2.4 | 2.3 | 2.3 | 2.3 | 2.4 | 2.8 |
| Contracts with COLA clauses | 2.1 | 2.2 | 2.1 | 2.1 | 1.9 | 1.6 | 2.2 | 2.4 | 2.9 |
| Contracts without COLA clauses | 2.0 | 2.1 | 2.3 | 2.6 | 2.4 | 2.5 | 2.4 | 2.5 | 2.7 |
| Over life of contract5/ | 2.3 | 2.4 | 2.6 | 2.8 | 2.7 | 2.7 | 2.4 | 2.4 | 2.5 |
| Contracts with COLA clauses | 2.1 | 2.2 | 2.2 | 2.4 | 2.7 | 2.4 | 1.9 | 1.8 | 1.7 |
| Contracts without COLA clauses | 2.4 | 2.5 | 2.7 | 2.9 | 2.7 | 2.7 | 2.6 | 2.7 | 2.8 |
| Construction | | | | | | | | | |
| First year4/ | 2.2 | 2.4 | 2.7 | 3.0 | 2.9 | 2.9 | 2.6 | 2.1 | 2.2 |
| Contracts with COLA clauses | 1.4 | 1.6 | 3.7 | 7/ | 7/ | 7/ | 8/ | 8/ | 8/ |
| Contracts without COLA clauses | 2.3 | 2.4 | 2.7 | 7/ | 7/ | 7/ | 2.6 | 2.1 | 2.2 |
| Over life of contract5/ | 2.5 | 2.5 | 2.9 | 3.2 | 3.1 | 3.1 | 2.7 | 2.4 | 2.6 |
| Contracts with COLA clauses | 1.6 | 1.4 | 3.8 | 7/ | 7/ | 7/ | 8/ | 8/ | 8/ |
| Contracts without COLA clauses | 2.5 | 2.6 | 2.9 | 7/ | 7/ | 7/ | 2.7 | 2.4 | 2.6 |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.
6/ More than 0 and less than 0.05 percent.
7/ Data by COLA coverage do not meet publication standards.
8/ None of the settlements included COLA provisions.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1986 | 1987 | | | | 1988 | | | |
| | IV | I | II | III | IV | I1/ | II1/ | III1/ | IV2/ |
| Total effective adjustments (prorated over all workers)3/.... | 2.3 | 2.0 | 2.2 | 2.5 | 3.1 | 3.2 | 3.0 | 2.9 | 2.6 |
| Source: | | | | | | | | | |
| From current settlements....... | .5 | .4 | .3 | .4 | .7 | .8 | 1.0 | 1.0 | .7 |
| From prior agreements.......... | 1.7 | 1.5 | 1.6 | 1.7 | 1.8 | 1.8 | 1.6 | 1.4 | 1.3 |
| From COLA...................... | .2 | .1 | .3 | .4 | .5 | .5 | .5 | .5 | .6 |
| Effective wage change for workers receiving change4/............... | 2.8 | 2.4 | 2.7 | 3.2 | 3.6 | 3.8 | 3.7 | 3.5 | 3.3 |
| Source: | | | | | | | | | |
| From current settlements....... | 1.6 | 1.1 | 1.0 | 1.8 | 2.9 | 2.9 | 2.9 | 2.9 | 3.1 |
| From prior agreements.......... | 3.9 | 3.7 | 3.5 | 3.3 | 3.3 | 3.3 | 3.3 | 3.0 | 3.0 |
| From COLA...................... | 1.0 | .6 | 1.8 | 2.3 | 2.6 | 2.7 | 2.3 | 2.5 | 2.7 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8.
4/ See note 4, table 8.

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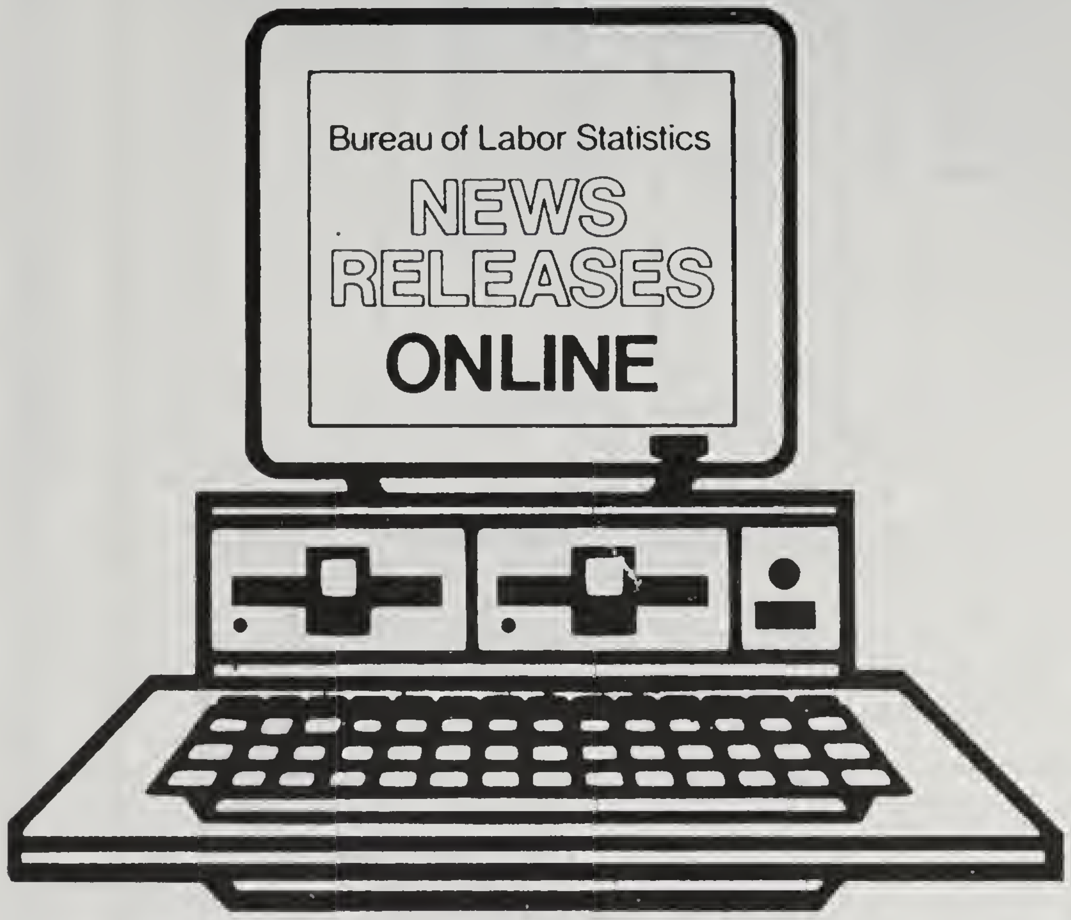

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# News

United States
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## MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 3 MONTHS 1989

Major collective bargaining settlements reached in private industry during the first 3 months of 1989 provided wage adjustments averaging 3.2 percent in the first contract year and 3.1 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The last time parties to these settlements negotiated, usually in 1986 or 1987, wage adjustments (increases, decreases, and freezes) averaged 3.2 percent in the first contract year and 3.5 percent annually over the contract term.

First quarter 1989 settlements covered 199,000 workers, or 11 percent of the approximately 1.8 million workers under settlements reached in the 12 months ended March 31. Settlements concluded during this 4-quarter period provided wage adjustments averaging 2.5 percent annually over the contract life, compared with 2.7 percent when the same parties previously bargained. (See chart.)

The Bureau's major collective bargaining agreements series for private industry covers 6.0 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first quarter of 1989, this release includes information on wage changes effective in the period that resulted from new settlements, agreements reached in earlier periods, and cost-of-living adjustments (COLA's).

### Settlements in the first 3 months of 1989

Lump-sum provisions were included in contracts covering 15 percent (30,000) of the workers under settlements reached in the quarter. (The proportion of all workers under major agreements with lump-sum provisions remained at 43 percent.) Lump-sum payments--typically made instead of wage increases or to offset wage cuts--are not included in the computation of wage adjustments. Settlements containing lump-sum provisions called for wage adjustments averaging 1.2 percent in the first contract year and 1.8 percent annually over the contract term. By contrast, corresponding averages for settlements without lump-sums were 3.6 and 3.3 percent.

Lump-sum provisions were negotiated in a variety of industries.

Contracts for 11 percent (21,000) of the workers under settlements in the first 3 months of 1989 had a cost-of-living adjustment (COLA) clause. (The proportion of all workers under major agreements with COLA remained at 40 percent.) These contracts specified average wage adjustments of 2.4 percent a year over their life, compared with 3.2 percent for contracts with no COLA clause. Settlements data exclude potential wage changes resulting from COLA clauses that depend upon future price changes. (See explanatory note.)

Settlements in nonmanufacturing industries covered 78 percent (155,000) of all workers under contracts negotiated in the first quarter of 1989. They provided average wage adjustments of 3.6 percent in the first contract year and 3.3 percent annually over the contract term. Construction workers accounted for one-third of the nonmanufacturing workers under first-quarter settlements. Their agreements provided average wage adjustments of 3.1 percent over their term.

Wage adjustments in manufacturing were lower than those in nonmanufacturing--averaging 2.1 percent the first contract year and 2.3 percent annually over the contract life. Lump-sum provisions and COLA clauses, however, were more prevalent in manufacturing. Two-thirds of the manufacturing workers, compared with 5 percent of the nonmanufacturing workers, were under contracts that had lump sums, COLAs, or both.

Settlements in the quarter provided wage increases in the first contract year for 88 percent (175,000) of the workers, no wage change in the first year for 11 percent (22,000) and wage decreases for 1 percent (1,500) of the workers. Wage increases for 14,000 workers, paid in subsequent contract years, will result in 95 percent (189,000) of the workers receiving wage increases and the remainder having no wage change over the contract term.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. Such settlements reached in the first 3 months of 1989 provided compensation adjustments of 3.3 percent in the first contract year and 3.5 percent annually over the life of the contract.

### Effective wage adjustments

In addition to data on settlements, the Bureau compiles information on wage adjustments effective in the reference period. Effective wage adjustments cover all workers under major collective bargaining agreements, including those who received changes and those who received no change in wages during the reference period. The effective wage adjustment for the first 3 months of 1989 averaged 0.5 percent for all 6 million workers under major agreements.

Effective wage changes, on the other hand, cover only workers receiving wage increases and decreases during the period. These changes stem from three sources: settlements during the period, earlier agreements with changes deferred to the period, and COLA clauses. Wage changes (increases and decreases) put into effect in the first 3 months of 1989 averaged 1.9 percent for the 1.7 million workers who received them. All but 3,000 of those with wage changes had wage increases. About 4.3 million workers under major agreements had no wage change during the first quarter of 1989.

The following tabulation shows the average total effective wage adjustment (prorated over all workers) for the first 3 months of 1989 and the average change by source (in percent):

| | For all workers (prorated) | For workers receiving wage changes |
|---|---|---|
| Total...................... | 0.5 | 1.9 |
| Settlements in period.... | 0 1 | 3.8 |
| Deferred adjustments .... | 0.3 | 3.2 |
| COLA ................... | 0.1 | 0.8 |

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes (typically based on the Bureau's Consumer Price Index--CPI), the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 1,044,000 workers that had COLA reviews in the first 3 months of 1989, 953,000 had COLA-triggered wage increases averaging 0.8 percent. The remaining workers had no wage change, largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in the first 3 months of 1989 averaged 78 percent of the price change during the COLA review period.

## Second-quarter 1989 bargaining activity

There were 636,000 workers under 107 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to April 1, 1989. About 350,000 of these workers are employed by railroads and 104,000 by airlines; the balance are in a variety of industries. In addition, 776,000 workers are under 217 major agreements scheduled to expire or reopen for wage negotiations during April-June 1989, primarily in construction, telephone communications, health services, electrical and electronic equipment manufacturing, and electric, gas, and sanitary services.

About 823,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 3.3 percent during the second quarter of 1989. These changes will be made under provisions of agreements negotiated earlier. About 1,374,000 workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlement data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wage and benefit rates.

Percentage changes in wages are calculated by dividing newly negotiated wage rate changes by the average hourly rate at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) rate change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by the existing average hourly compensation rate, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration data or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases, and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached earlier with changes deferred to the period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change. Although not all wage changes from COLA clauses are incorporated into the wage rate, they are included in the effective wage change measure.

Wage rate changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for the first 3 months of 1989 are preliminary and may be revised if additional information is obtained. Final data will be available in the Spring of 1990.

Additional historical information is available from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector collective bargaining settlements are developed separately and issued semiannually. Final data for 1988 are published in the March 1989 Current Wage Developments. Preliminary data for the first half of 1989 will be released in August.

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Major private industry collective bargaining settlements data for the second quarter of 1989 will be released on July 26, 1989, at 10:00 AM (EDT).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments[1] in collective bargaining settlements, first three months of 1989.
(in percent)

| Measure | First-year adjustments[2] | Annual adjustment over life of contracts[3] | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 3.2 | 3.1 | 199 |
| Contracts with COLA clauses | 2.3 | 2.4 | 21 |
| Contracts without COLA clauses | 3.4 | 3.2 | 177 |
| Manufacturing[4] | 2.1 | 2.3 | 44 |
| Nonmanufacturing[4] | 3.6 | 3.3 | 155 |
| Construction[5] | 3.3 | 3.1 | 51 |
| All industries excluding construction | 3.2 | 3.1 | 147 |
| Contracts with COLA clauses | 2.3 | 2.4 | 21 |
| Contracts without COLA clauses | 3.4 | 3.2 | 126 |
| Nonmanufacturing excluding construction[4] | 3.7 | 3.4 | 104 |
| Goods-producing[4] | 2.8 | 2.8 | 95 |
| Service-producing[4] | 3.7 | 3.4 | 104 |
| Compensation adjustments in settlements covering 5,000 workers or more:[5] | | | |
| All industries | 3.3 | 3.5 | 94 |
| Nonmanufacturing | 3.3 | 3.5 | 94 |
| Construction | 3.7 | 4.4 | 41 |
| All industries excluding construction | 2.9 | 2.7 | 53 |
| Nonmanufacturing excluding construction[4] | 2.9 | 2.7 | 53 |
| Goods-producing | 3.7 | 4.4 | 41 |
| Service-producing | 2.9 | 2.7 | 53 |

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[1] Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

[2] Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

[3] Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

[4] Data by COLA coverage do not meet publication standards.

[5] No settlement had a COLA clause.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. Average wage adjustments[1] in collective bargaining settlements covering 1,000 workers or more by duration of contract, first three months of 1989.

| Measure | Contract duration | | | | | |
|---|---|---|---|---|---|---|
| | All contracts | Less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 64 | 7 | 6 | 11 | 18 | 22 |
| Number of workers (in thousands) | 199 | 12 | 42 | 49 | 44 | 52 |
| Average duration (months) | 34.7 | 13.7 | 24.0 | 35.0 | 36.0 | 46.4 |
| Percent adjustment in: | | | | | | |
| First contract year | 3.2 | 2.9 | 3.1 | 4.3 | 1.9 | 3.5 |
| Second contract year[2] | 3.1 | .9 | 3.1 | 3.4 | 2.9 | 3.3 |
| Third contract year[3] | 3.1 | - | - | 3.2 | 2.9 | 3.3 |
| Average annual percent adjustment over life of contract | 3.1 | 3.0 | 3.1 | 3.6 | 2.6 | 3.1 |

[1] See note 1, table 1.

[2] Average is based only on settlements with a duration greater than 12 months.

[3] Average is based only on settlements with a duration greater than 24 months.

Table 3. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached by quarter and full year 1988, and first quarter 1989. (in percent)

| Measure | 1988 | | | | | 1989 |
|---|---|---|---|---|---|---|
| | I | II | III | IV | Full year | I2/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year3/ | | | | | | |
| All industries | 2.1 | 2.6 | 2.7 | 2.6 | 2.5 | 3.2 |
| Contracts with COLA clauses | 2.0 | 2.6 | 2.0 | 2.1 | 2.4 | 2.3 |
| Contracts without COLA clauses | 2.2 | 2.6 | 3.1 | 2.9 | 2.7 | 3.4 |
| Manufacturing | 2.1 | 2.2 | 2.6 | 1.8 | 2.2 | 2.1 |
| Nonmanufacturing | 2.2 | 2.8 | 2.8 | 3.4 | 2.8 | 3.6 |
| Construction | 1.2 | 2.7 | 1.9 | .4 | 2.2 | 3.3 |
| All industries excluding construction | 2.2 | 2.5 | 3.0 | 2.9 | 2.6 | 3.2 |
| Nonmanufacturing excluding construction | 2.3 | 2.8 | 3.9 | 4.1 | 3.1 | 3.7 |
| Annual average over life of contract4/ | | | | | | |
| All industries | 2.3 | 2.2 | 2.8 | 2.2 | 2.4 | 3.1 |
| Contracts with COLA clauses | 2.1 | 1.8 | 1.7 | 1.6 | 1.8 | 2.4 |
| Contracts without COLA clauses | 2.4 | 2.6 | 3.4 | 2.5 | 2.8 | 3.2 |
| Manufacturing | 2.1 | 2.0 | 2.6 | 1.7 | 2.1 | 2.3 |
| Nonmanufacturing | 2.5 | 2.3 | 3.1 | 2.7 | 2.5 | 3.3 |
| Construction | 1.8 | 2.7 | 2.8 | 1.7 | 2.6 | 3.1 |
| All industries excluding construction | 2.4 | 2.0 | 2.9 | 2.3 | 2.3 | 3.1 |
| Nonmanufacturing excluding construction | 2.6 | 2.0 | 3.5 | 2.9 | 2.5 | 3.4 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year3/ | | | | | | |
| All industries | 1.8 | 3.1 | 3.4 | 3.5 | 3.1 | 3.3 |
| Contracts with COLA clauses | 1.5 | 3.4 | 2.5 | 4.0 | 3.3 | 5/ |
| Contracts without COLA clauses | 1.8 | 2.6 | 4.0 | 3.2 | 2.9 | 3.3 |
| Annual average over life of contract4/ | | | | | | |
| All industries | 1.8 | 2.4 | 3.2 | 2.1 | 2.5 | 3.5 |
| Contracts with COLA clauses | .8 | 2.2 | 1.8 | 2.3 | 2.1 | 5/ |
| Contracts without COLA clauses | 2.0 | 2.8 | 4.0 | 2.0 | 2.8 | 3.5 |

1/ See note 1, table 1.
2/ Preliminary.
3/ See note 2, table 1.
4/ See note 3, table 1.
5/ See note 5, table 1.

Table 4. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, by quarter and full year 1988 and first quarter 1989
(in percent)

| Characteristic | 1988 | | | | | 1989 |
|---|---|---|---|---|---|---|
| | I | II | III | IV | Full Year | I1/ |
| Adjustments (prorated over all workers)2/ | | | | | | |
| Total effective adjustments | 0.4 | 0.9 | 0.8 | 0.5 | 2.6 | 0.5 |
| Source: | | | | | | |
| Current settlements | .1 | .3 | .2 | .1 | .7 | .1 |
| Prior agreements | .3 | .5 | .4 | .2 | 1.3 | .3 |
| COLA provisions | .1 | .1 | .2 | .2 | .6 | .1 |
| Industry | | | | | | |
| Manufacturing | .4 | .7 | .8 | .9 | 2.8 | .6 |
| Nonmanufacturing | .4 | 1.0 | .8 | .3 | 2.5 | .5 |
| Nonmanufacturing excluding construction | .5 | .7 | .8 | .4 | 2.4 | .5 |
| Construction | .3 | 1.8 | .8 | .1 | 2.9 | .4 |
| Transportation and public utilities | .3 | .7 | .8 | .2 | 2.1 | .2 |
| Wholesale and retail trade | .2 | .8 | .6 | .7 | 2.3 | .7 |
| Services | 1.0 | .6 | 1.2 | .7 | 3.5 | 1.3 |
| Effective wage change for workers receiving changes3/ | | | | | | |
| Total effective wage change | 1.6 | 2.3 | 2.1 | 1.9 | 3.3 | 1.9 |
| Source: | | | | | | |
| Current settlements | 2.7 | 3.1 | 2.7 | 3.1 | 3.1 | 3.8 |
| Prior agreements | 2.7 | 3.3 | 2.5 | 2.8 | 3.0 | 3.2 |
| COLA provisions | .6 | .6 | 1.1 | 1.2 | 2.7 | .8 |
| Total number of workers receiving wage change (in thousands)4/ | 1,655.6 | 2,268.3 | 2,234.5 | 1,553.4 | 4,737.2 | 1,663.8 |
| Source: | | | | | | |
| Current settlements | 202.8 | 650.0 | 401.6 | 265.5 | 1,429.5 | 143.9 |
| Prior agreements | 600.3 | 849.3 | 988.4 | 344.3 | 2,609.0 | 586.5 |
| COLA provisions | 952.3 | 845.9 | 1,042.4 | 1,002.4 | 1,267.9 | 953.0 |
| Number of workers not receiving a wage change (in thousands) | 4,359.4 | 3,746.8 | 3,780.5 | 4,461.6 | 1,277.9 | 4,342.5 |

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1/ Preliminary.

2/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.

3/ The total change reflects the worker weighted average of each source of wage change.

4/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 5. Average wage adjustments 1/in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1987 | | | | 1988 | | | | 1989 |
| | I | II | III | IV | I | II | III | IV | I2/ |
| All industries | | | | | | | | | |
| First year3/ | 1.2 | 1.5 | 2.0 | 2.2 | 2.4 | 2.4 | 2.5 | 2.5 | 2.7 |
| Contracts with COLA clauses | 2.0 | 1.8 | 2.1 | 2.3 | 2.2 | 2.4 | 2.4 | 2.4 | 2.4 |
| Contracts without COLA clauses | .8 | 1.3 | 2.0 | 2.1 | 2.5 | 2.4 | 2.6 | 2.7 | 2.9 |
| Over life of contract4/ | 1.8 | 2.0 | 2.2 | 2.1 | 2.2 | 2.0 | 2.2 | 2.4 | 2.5 |
| Contracts with COLA clauses | 1.8 | 1.7 | 1.7 | 1.5 | 1.4 | 1.5 | 1.5 | 1.8 | 1.8 |
| Contracts without COLA clauses | 1.8 | 2.1 | 2.5 | 2.5 | 2.7 | 2.5 | 2.8 | 2.8 | 2.9 |
| Manufacturing | | | | | | | | | |
| First year3/ | -1.5 | -.8 | 1.1 | 2.1 | 2.4 | 2.5 | 2.6 | 2.2 | 2.2 |
| Contracts with COLA clauses | 1.3 | 1.3 | 2.1 | 2.4 | 2.4 | 2.5 | 2.4 | 2.1 | 2.1 |
| Contracts without COLA clauses | -3.5 | -2.7 | -.1 | 1.3 | 2.4 | 2.5 | 3.0 | 2.5 | 2.5 |
| Over life of contract4/ | 5/ | .3 | 1.0 | 1.3 | 1.5 | 1.6 | 1.9 | 2.1 | 2.1 |
| Contracts with COLA clauses | .8 | .8 | 1.0 | 1.0 | 1.0 | 1.3 | 1.4 | 1.8 | 1.8 |
| Contracts without COLA clauses | -.6 | -.2 | 1.2 | 2.1 | 2.7 | 2.5 | 3.1 | 2.6 | 2.7 |
| Nonmanufacturing | | | | | | | | | |
| First year3/ | 2.2 | 2.3 | 2.4 | 2.3 | 2.3 | 2.3 | 2.4 | 2.8 | 3.0 |
| Contracts with COLA clauses | 2.2 | 2.1 | 2.1 | 1.9 | 1.6 | 2.2 | 2.4 | 2.9 | 2.9 |
| Contracts without COLA clauses | 2.1 | 2.3 | 2.6 | 2.4 | 2.5 | 2.4 | 2.5 | 2.7 | 3.0 |
| Over life of contract4/ | 2.4 | 2.6 | 2.8 | 2.7 | 2.7 | 2.4 | 2.4 | 2.5 | 2.7 |
| Contracts with COLA clauses | 2.2 | 2.2 | 2.4 | 2.7 | 2.4 | 1.9 | 1.8 | 1.7 | 1.7 |
| Contracts without COLA clauses | 2.5 | 2.7 | 2.9 | 2.7 | 2.7 | 2.6 | 2.7 | 2.8 | 3.0 |
| Construction | | | | | | | | | |
| First year3/ | 2.4 | 2.7 | 3.0 | 2.9 | 2.9 | 2.6 | 2.1 | 2.2 | 2.4 |
| Contracts with COLA clauses | 1.6 | 3.7 | 6/ | 6/ | 6/ | 7/ | 7/ | 7/ | 7/ |
| Contracts without COLA clauses | 2.4 | 2.7 | 6/ | 6/ | 6/ | 2.6 | 2.1 | 2.2 | 2.4 |
| Over life of contract4/ | 2.5 | 2.9 | 3.2 | 3.1 | 3.1 | 2.7 | 2.4 | 2.6 | 2.7 |
| Contracts with COLA clauses | 1.4 | 3.8 | 6/ | 6/ | 6/ | 7/ | 7/ | 7/ | 7/ |
| Contracts without COLA clauses | 2.6 | 2.9 | 6/ | 6/ | 6/ | 2.7 | 2.4 | 2.6 | 2.7 |

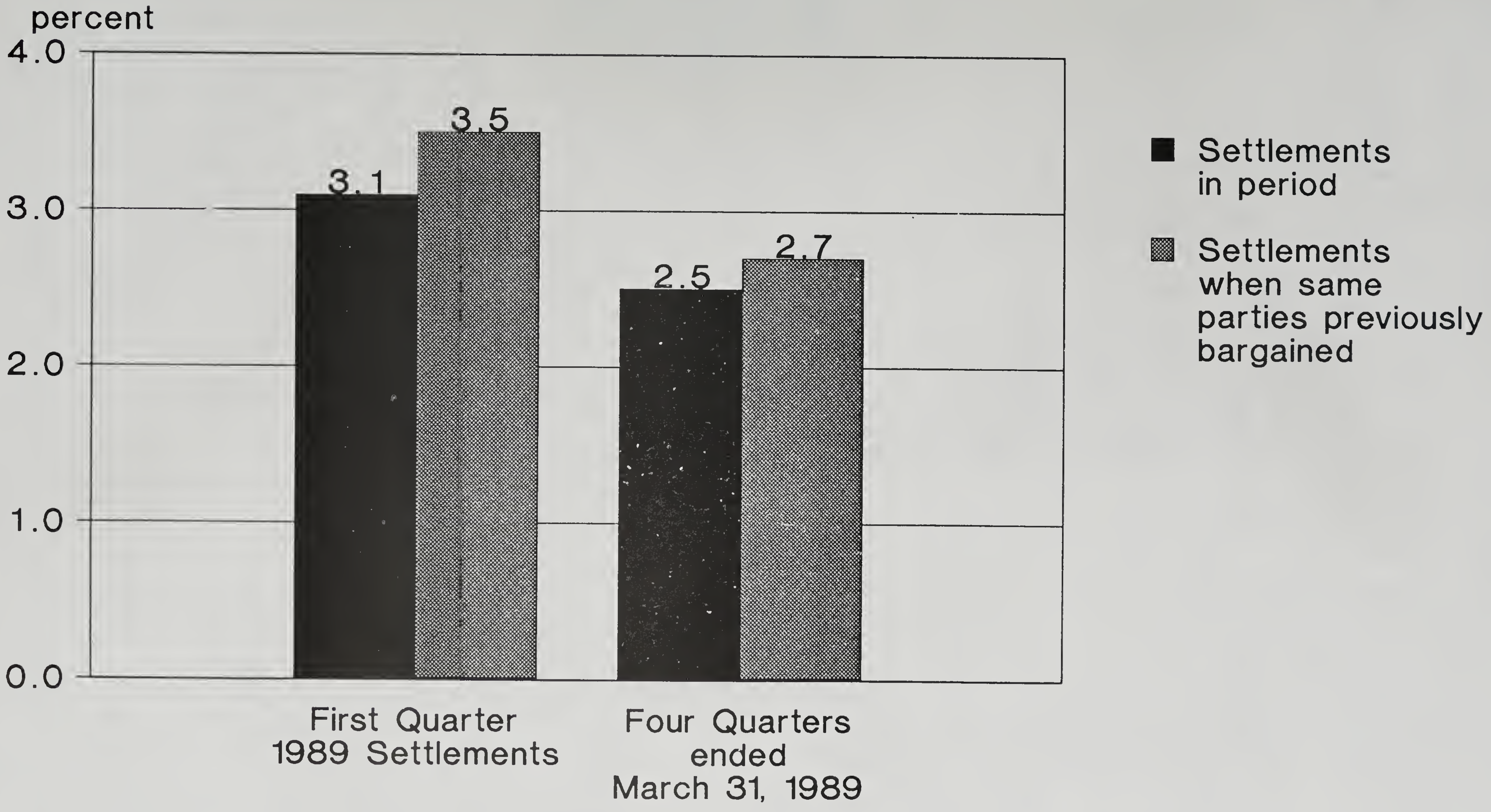
1/ See note 1, table 1.
2/ Preliminary.
3/ See note 2, table 1.
4/ See note 3, table 1.
5/ More than 0 and less than 0.05 percent.
6/ See note 4, table 1.
7/ See note 5, table 1.

Table 6. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1987 | | | | 1988 | | | | 198 |
| | I | II | III | IV | I | II | III | IV | I1/ |
| Total effective adjustments (prorated over all workers)2/.... | 2.0 | 2.2 | 2.6 | 3.1 | 3.2 | 3.0 | 2.9 | 2.6 | 2. |
| Source: | | | | | | | | | |
| From current settlements....... | .3 | .3 | .4 | .7 | .8 | 1.0 | 1.0 | .7 | . |
| From prior agreements.......... | 1.5 | 1.6 | 1.7 | 1.8 | 1.8 | 1.6 | 1.4 | 1.3 | 1. |
| From COLA...................... | .1 | .3 | .4 | .5 | .5 | .5 | .5 | .6 | . |
| Effective wage change for workers receiving change3/.............. | 2.4 | 2.8 | 3.2 | 3.6 | 3.8 | 3.7 | 3.5 | 3.3 | 3. |
| Source: | | | | | | | | | |
| From current settlements....... | 1.1 | .9 | 1.8 | 2.9 | 2.9 | 2.9 | 2.9 | 3.1 | 3. |
| From prior agreements.......... | 3.7 | 3.5 | 3.3 | 3.3 | 3.3 | 3.3 | 3.0 | 3.0 | 3. |
| From COLA...................... | .6 | 1.8 | 2.3 | 2.6 | 2.7 | 2.3 | 2.5 | 2.7 | 2. |

1/ Preliminary.
2/ See note 3, tabel 4.
3/ See note 4, tabel 4.

## Average Wage Adjustments Over the Life of Contracts Provided by Major Collective Bargaining Settlements in Private Industry, First Quarter 1989 and Four Quarters Ended March 31, 1989



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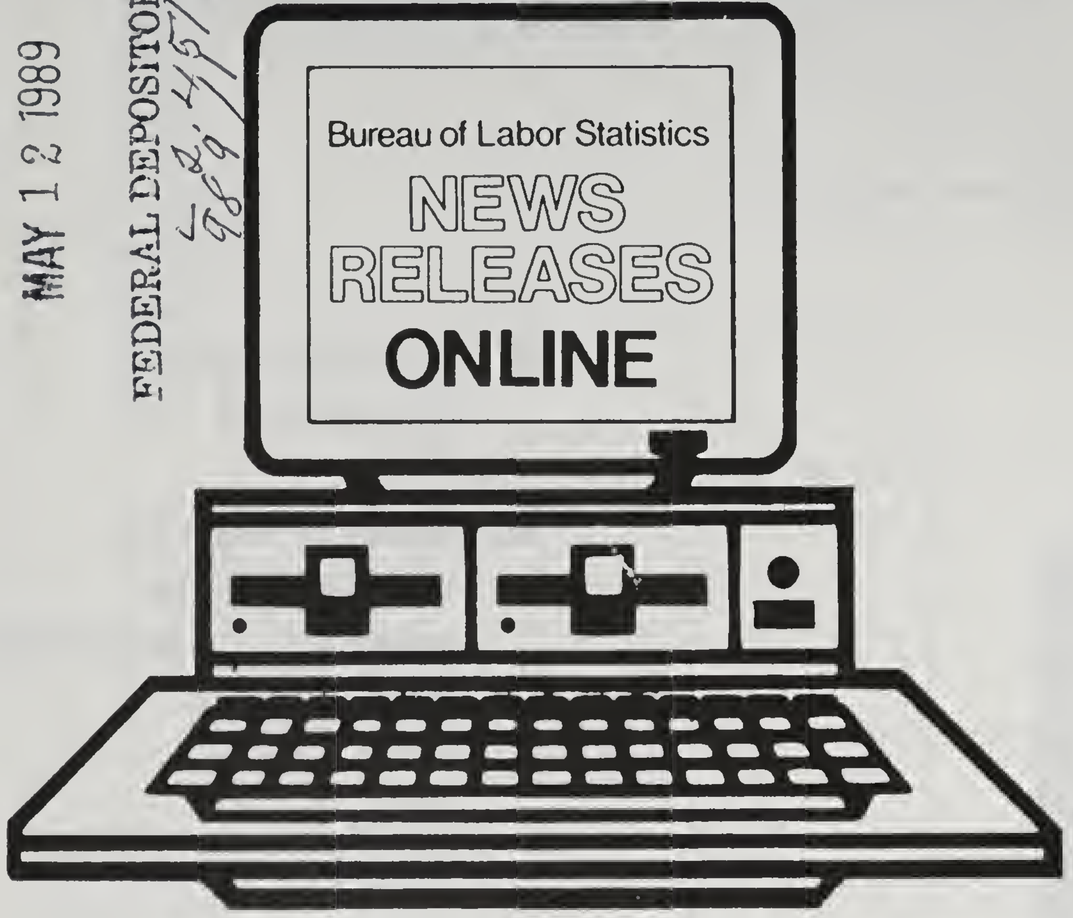

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 6 MONTHS 1989

Major collective bargaining settlements reached in private industry during the first 6 months of 1989 provided wage adjustments averaging 3.7 percent in the first contract year and 3.3 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. (These data exclude lump-sum payments and cost-of-living adjustments.)

The last time parties to these settlements negotiated, usually in 1986 or 1987, wage adjustments (increases, decreases, and freezes) averaged 2.1 percent the first contract year and 2.5 percent annually over the contract term. This is the first time since this comparison was introduced in 1982 that settlements reached in the reference period specified larger wage adjustments over their term than were called for in the contracts they replaced. (See chart.) This reflects the restoration of wage cuts in some industries (e.g. steel) as well as wage gains that were sharply higher than in replaced agreements in health care facilities, primarily for nurses.

First-half 1989 settlements covered 669,000 workers, or 49 percent of the 1,368,000 million workers under settlements reached in the 12 months ended June 30. Settlements concluded during the 12-month period provided wage adjustments averaging 2.9 percent annually over the contract life, compared with 2.3 percent when the same parties previously bargained.

The Bureau's major collective bargaining agreements series for private industry covers 6.0 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first 6 months of 1989, this release includes information on wage changes effective in the period that resulted from new settlements, agreements reached in earlier periods, and cost-of-living adjustments (COLAs).

## Settlements in the first 6 months of 1989

Lump-sum provisions were included in contracts covering 25 percent (168,000) of the workers under settlements reached in the first half of 1989. (The proportion of all workers under major agreements with lump-sum provisions was 42 percent.) Lump-sum payments--typically made instead of wage increases or to offset wage cuts--are not included in the computation of wage adjustments.

Settlements containing lump-sum provisions called for wage adjustments averaging 2.5 percent annually over the contract term compared with an average of 3.5 percent for settlements without lump-sums. Lump-sum provisions were negotiated in a variety of industries, but were concentrated in food stores, airlines, and steel and electrical equipment manufacturing.

Contracts for 8 percent (53,000) of the workers under settlements in the first 6 months of 1989 had a cost-of-living adjustment (COLA) clause. COLA clauses were dropped from contracts covering about 2 percent (15,000) of the workers under first-half settlements and no new ones were negotiated. (The proportion of all workers under major agreements with COLAs was 39 percent.) Settlements data exclude potential wage changes resulting from COLA clauses because they depend upon future price changes. (See explanatory note.)

Settlements in nonmanufacturing covered 81 percent (538,000) of all workers under contracts negotiated in the first half of 1989; they provided average wage adjustments of 3.4 percent annually over the contract term. Almost half of the workers under these settlements were employed in the construction industry, where settlements called for adjustments averaging 3.1 percent annually over their life. Settlements in other nonmanufacturing industries averaged 3.7 percent and were concentrated in food stores, utilities, and airlines.

Wage adjustments were lower in manufacturing than in nonmanufacturing--averaging 2.7 percent annually over the contract life. Lump-sum provisions and COLA clauses, however, were more prevalent in manufacturing. More than two-thirds of the manufacturing workers, compared with less than one-fifth of the nonmanufacturing workers, were under contracts that had lump sums, COLAs, or both. Workers covered by manufacturing settlements were concentrated in steel and electrical equipment manufacturing.

Settlements negotiated in the first 6 months of 1989 most commonly were "front-loaded"--that is, they specified larger wage adjustments in the first contract year than in later years. Forty-three percent (286,000) of the workers

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had front-loaded contracts with wage adjustments averaging 5.8 percent in the first contract year and 4.0 percent annually over the contract term.

Thirty-nine percent (260,000) of the workers were under "back-loaded" contracts that delay larger wage increases past the first contract year. They provided wage adjustments averaging 1.6 percent the first contract year and 2.5 percent annually over the contract life. The remaining 18 percent (123,000) of the workers had either 1-year contracts or multiyear agreements providing equal wage adjustments each year.

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Settlements in the first half of 1989 provided wage increases in the first contract year for 84 percent (563,000) of the workers, no wage change in the first year for 14 percent (94,000), and wage decreases for 2 percent of the workers. Subsequent wage increases for 84,500 workers will result in 97 percent (647,000) of the workers receiving wage increases over the contract term.

FEDERAL DEPOSITORY

The Bureau also measures changes in compensation rates (wages and employee benefits costs) in settlements covering at least 5,000 workers. Settlements reached in the first 6 months of 1989 provided compensation adjustments of 4.3 percent in the first contract year and 3.4 percent annually over the life of the contract.

Effective wage adjustments

In addition to data on settlements, the Bureau compiles information on wage adjustments effective in the reference period. Effective wage adjustments cover all workers under major collective bargaining agreements. They include workers receiving changes (from settlements during the period, earlier agreements with changes deferred to the period, and COLA clauses) and workers receiving no change in wages during the reference period. Effective wage adjustments for the first 6 months of 1989 averaged 1.5 percent for all 6.0 million workers under major agreements. About 3.0 million of the workers had wage changes (all but 20,000 had increases) that averaged 3.0 percent.

The following tabulation shows, for the first 6 months of 1989, the average total effective wage adjustment (increase, decrease, or no change for all workers) and the average change (for workers with increases and decreases) by source (in percent):

| | For all workers (prorated) | For workers receiving wage changes |
|---|---|---|
| Total .................... | 1.5 | 3.0 |
| Settlements in period... | 0.4 | 4.1 |
| Deferred adjustments ... | 0.8 | 3.3 |
| COLA .................. | 0.4 | 1.8 |

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes (typically based on the Bureau's Consumer Price Index--CPI), the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 1,391,000 workers that had COLA reviews in the first 6 months of 1989, 1,217,000 had COLA-triggered wage increases averaging 1.8 percent. The remaining workers had no wage change, largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in the first 6 months averaged 67 percent of the price change during the COLA review period.

## Third-quarter 1989 bargaining activity

There were 939,000 workers under 137 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to July 1, 1989. About 350,000 of these workers are employed in railroads, 190,000 in telephone communications, 80,000 in construction, and the balance in a variety of other industries. In addition, 659,000 workers are under 127 major agreements scheduled to expire or reopen for wage negotiations during July-September 1989, primarily in telephone communications, construction, food retailing, steel manufacturing, and longshoring.

About 691,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 3.2 percent during the third quarter of 1989. These changes will be made under provisions of agreements negotiated earlier. About 1,149,000 workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

## Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wages and benefits.

Percentage changes in wages are calculated by dividing newly negotiated wage changes by the average hourly rate at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) rate change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by the existing average hourly compensation rate, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration data or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached earlier with changes deferred to the period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change. Although not all wage changes from COLA clauses are incorporated into the wage rate, they are included in the effective wage change measure.

Wage rate changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for the first 6 months of 1989 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1990.

Additional historical information is available from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector collective bargaining settlements are developed separately and issued semi-annually. Preliminary data for the first half of 1989 will be released in August.

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Major private industry collective bargaining settlements data for the first 9 months of 1989 will be released on October 26, 1989, at 10:00 AM (EDT).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments1/ in collective bargaining settlements, first six months of 1989.
(in percent)

| Measure | First-year adjustments2/ | Annual adjustment over life of contracts3/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 3.7 | 3.3 | 669 |
| Contracts with COLA clauses | 2.7 | 2.4 | 53 |
| Contracts without COLA clauses | 3.7 | 3.3 | 616 |
| Manufacturing | 3.3 | 2.7 | 131 |
| Contracts with COLA clauses | 2.5 | 2.3 | 44 |
| Contracts without COLA clauses | 3.6 | 3.0 | 87 |
| Nonmanufacturing | 3.8 | 3.4 | 538 |
| Contracts with COLA clauses | 3.3 | 3.1 | 9 |
| Contracts without COLA clauses | 3.8 | 3.4 | 529 |
| Construction4/ | 2.8 | 3.1 | 256 |
| Contracts without COLA clauses | 2.8 | 3.1 | 256 |
| All industries excluding construction | 4.2 | 3.4 | 413 |
| Contracts with COLA clauses | 2.7 | 2.4 | 53 |
| Contracts without COLA clauses | 4.4 | 3.5 | 360 |
| Nonmanufacturing excluding construction | 4.6 | 3.7 | 282 |
| Contracts with COLA clauses | 3.3 | 3.1 | 9 |
| Contracts without COLA clauses | 4.6 | 3.7 | 273 |
| Goods-producing | 3.0 | 3.0 | 388 |
| Contracts with COLA clauses | 2.5 | 2.3 | 44 |
| Contracts without COLA clauses | 3.0 | 3.0 | 344 |
| Service-producing | 4.6 | 3.7 | 281 |
| Contracts with COLA clauses | 3.3 | 3.1 | 9 |
| Contracts without COLA clauses | 4.6 | 3.7 | 272 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries4/ | 4.3 | 3.4 | 266 |
| Contracts without COLA clauses | 4.3 | 3.4 | 266 |
| Construction4/ | 3.9 | 4.2 | 95 |
| Contracts without COLA clauses | 3.9 | 4.2 | 95 |
| All industries excluding construction4/ | 4.6 | 3.0 | 172 |
| Contracts without COLA clauses | 4.6 | 3.0 | 172 |
| Goods-producing4/ | 4.5 | 4.2 | 115 |
| Contracts without COLA clauses | 4.5 | 4.2 | 115 |
| Service-producing4/ | 4.2 | 2.8 | 151 |
| Contracts without COLA clauses | 4.2 | 2.8 | 151 |

---

1/ Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

2/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

3/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

4/ No settlement had a COLA clause.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments [1] in collective bargaining settlements covering 1,000 workers or more, first six months of 1989.

| Measure[2] | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 669 | 131 | 538 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 14 | 19 | 13 |
| Decreases[3] | 2 | 4 | 1 |
| Increases | 84 | 76 | 86 |
| Under 2 percent | 11 | 8 | 12 |
| 2 and under 4 percent | 37 | 24 | 40 |
| 4 and under 6 percent | 21 | 26 | 20 |
| 6 percent and over | 15 | 19 | 14 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 3.7 | 3.3 | 3.8 |
| Median adjustment (percent) | 3.1 | 3.2 | 3.1 |
| Mean increase (percent) | 4.4 | 4.5 | 4.4 |
| Median increase (percent) | 3.5 | 4.0 | 3.4 |
| Mean decrease (percent) | -2.2 | [4] | [4] |
| Median decrease (percent) | -1.0 | [4] | [4] |

[1] See note 1, table 1.
[2] See note 2, table 1.
[3] Distributions are not shown to protect confidentiality.
[4] Data do not meet publication standards.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments1/ over the life of the contract in collective bargaining settlements covering 1,000 workers or more, first six months of 1989.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 669 | 131 | 538 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 3 | 3 | 3 |
| Decreases3/ | 1 | 3 | 0 |
| Increases | 97 | 94 | 97 |
| Under 2 percent | 19 | 26 | 17 |
| 2 and under 4 percent | 42 | 33 | 44 |
| 4 and under 6 percent | 29 | 35 | 27 |
| 6 percent and over | 7 | 0 | 9 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 3.3 | 2.7 | 3.4 |
| Median adjustment (percent) | 3.2 | 3.0 | 3.2 |
| Mean increase (percent) | 3.4 | 3.0 | 3.5 |
| Median increase (percent) | 3.2 | 3.2 | 3.2 |

1/ See note 1, table 1.
2/ See note 3, table 1.
3/ Distributions are not shown to protect confidentiality.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment1/ in collective bargaining settlements covering 5,000 workers or more, first six months of 1989.

| Measure | First-year adjustments2/ |
|---|---|
| Total number of workers (in thousands) | 266 |
| Percent of workers | |
| All settlements | 100 |
| No change | 0 |
| Decreases | 2 |
| Increases | 98 |
| Under 2 percent | 21 |
| 2 and under 4 percent | 32 |
| 4 and under 6 percent | 23 |
| 6 percent and over | 22 |
| Adjustments (in percent) | |
| Mean adjustment (percent) | 4.3 |
| Median adjustment (percent) | 3.6 |
| | Adjustments averaged over life of contract3/ |
| Total number of workers (in thousands) | 266 |
| Percent of workers | |
| All settlements | 100 |
| No change | 0 |
| Decreases | 2 |
| Increases | 98 |
| Under 2 percent | 17 |
| 2 and under 4 percent | 48 |
| 4 and under 6 percent | 29 |
| 6 percent and over | 4 |
| Adjustments (in percent) | |
| Mean adjustment (percent) | 3.4 |
| Median adjustment (percent) | 3.6 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment1/ in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, first six months of 1989.

| Measure | First-year adjustments2/ | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 256 | 256 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 1 | 9 |
| Decreases3/ | (4) | 3 |
| Increases | 99 | 89 |
| Under 2 percent | 18 | 18 |
| 2 and under 4 percent | 52 | 51 |
| 4 and under 6 percent | 21 | 11 |
| 6 and under 8 percent | 7 | 3 |
| 8 percent and over | 1 | 4 |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 3.3 | 2.8 |
| Median adjustment (percent) | 3.4 | 2.8 |
| Mean increase (percent) | 3.4 | 3.2 |
| Median increase (percent) | 3.4 | 3.1 |

| Measure | Adjustments averaged over life of contract5/ | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 256 | 256 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 1 | 4 |
| Decreases3/ | 0 | 0 |
| Increases | 99 | 96 |
| Under 2 percent | 12 | 15 |
| 2 and under 4 percent | 60 | 56 |
| 4 and under 6 percent | 23 | 19 |
| 6 and under 8 percent | 1 | 7 |
| 8 percent and over | 4 | 0 |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 3.4 | 3.1 |
| Median adjustment (percent) | 3.2 | 2.9 |
| Mean increase (percent) | 3.4 | 3.2 |
| Median increase (percent) | 3.2 | 3.0 |

[1] See note 1, table 1.
[2] See note 2, table 1.
[3] Distributions are not shown to protect confidentiality.
[4] Less than 0.5 percent.
[5] See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments1/ in collective bargaining settlements covering 1,000 workers or more by duration of contract, first six months of 1989.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements.................. | 233 | 16 | 10 | 28 | 26 | 97 | 56 |
| Number of workers (in thousands)........ | 669 | 41 | 18 | 91 | 78 | 270 | 171 |
| Average duration (months).............. | 34.3 | 11.7 | 15.5 | 24.0 | 34.5 | 36.0 | 44.3 |
| Percent adjustment in: | | | | | | | |
| First contract year.............. | 3.7 | 4.1 | 2.9 | 3.8 | 3.7 | 2.5 | 5.4 |
| Second contract year2/........... | 3.2 | - | .7 | 3.8 | 3.2 | 2.8 | 3.7 |
| Third contract year3/............ | 3.0 | - | - | - | 2.9 | 3.0 | 3.1 |
| Average annual percent adjustment over life of contract..................... | 3.3 | 4.2 | 2.8 | 3.8 | 3.4 | 2.8 | 3.5 |

1/ See note 1, table 1.
2/ Average is based only on settlements with a duration greater than 12 months.
3/ Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached by quarter and year, second quarter 1988 - second quarter 1989. (in percent)

| Measure | 1988 | | | | 1989 | |
|---|---|---|---|---|---|---|
| | II | III | IV | Full year | I2/ | II3/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries | 2.6 | 2.7 | 2.6 | 2.5 | 3.2 | 3.9 |
| Contracts with COLA clauses | 2.6 | 2.0 | 2.1 | 2.4 | 2.3 | 2.9 |
| Contracts without COLA clauses | 2.6 | 3.1 | 2.9 | 2.7 | 3.3 | 3.9 |
| Manufacturing | 2.2 | 2.6 | 1.8 | 2.2 | 2.1 | 3.8 |
| Nonmanufacturing | 2.8 | 2.8 | 3.4 | 2.8 | 3.5 | 3.9 |
| Construction | 2.7 | 1.9 | .4 | 2.2 | 3.1 | 2.8 |
| All industries excluding construction | 2.5 | 3.0 | 2.9 | 2.6 | 3.3 | 4.7 |
| Nonmanufacturing excluding construction | 2.8 | 3.9 | 4.1 | 3.1 | 3.8 | 5.1 |
| Annual average over life of contract5/ | | | | | | |
| All industries | 2.2 | 2.8 | 2.2 | 2.4 | 3.1 | 3.3 |
| Contracts with COLA clauses | 1.8 | 1.7 | 1.6 | 1.8 | 2.4 | 2.4 |
| Contracts without COLA clauses | 2.6 | 3.4 | 2.5 | 2.8 | 3.2 | 3.4 |
| Manufacturing | 2.0 | 2.6 | 1.7 | 2.1 | 2.4 | 2.9 |
| Nonmanufacturing | 2.3 | 3.1 | 2.7 | 2.5 | 3.3 | 3.4 |
| Construction | 2.7 | 2.8 | 1.7 | 2.6 | 3.0 | 3.1 |
| All industries excluding construction | 2.0 | 2.9 | 2.3 | 2.3 | 3.2 | 3.5 |
| Nonmanufacturing excluding construction | 2.0 | 3.5 | 2.9 | 2.5 | 3.5 | 3.8 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries | 3.1 | 3.4 | 3.5 | 3.1 | 3.2 | 5.0 |
| Contracts with COLA clauses | 3.4 | 2.5 | 4.0 | 3.3 | 6/ | 6/ |
| Contracts without COLA clauses | 2.6 | 4.0 | 3.2 | 2.9 | 3.2 | 5.0 |
| Annual average over life of contract5/ | | | | | | |
| All industries | 2.4 | 3.2 | 2.1 | 2.5 | 3.4 | 3.4 |
| Contracts with COLA clauses | 2.2 | 1.8 | 2.3 | 2.1 | 6/ | 6/ |
| Contracts without COLA clauses | 2.8 | 4.0 | 2.0 | 2.8 | 3.4 | 3.4 |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.
6/ No settlement had a COLA clause.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, by quarter and year, second quarter 1988 - second quarter 1989.
(in percent)

| Characteristic | 1988 | | | | 1989 | |
|---|---|---|---|---|---|---|
| | II | III | IV | Full Year | I1/ | II2/ |
| Adjustments (prorated over all workers)3/ | | | | | | |
| Total effective adjustments .......... | 0.9 | 0.8 | 0.5 | 2.6 | 0.5 | 1.0 |
| Source: | | | | | | |
| Current settlements.............. | .3 | .2 | .1 | .7 | .1 | .3 |
| Prior agreements................. | .5 | .4 | .2 | 1.3 | .3 | .5 |
| COLA provisions.................. | .1 | .2 | .2 | .6 | .1 | .2 |
| Industry | | | | | | |
| Manufacturing...................... | .7 | .8 | .9 | 2.8 | .6 | 1.1 |
| Nonmanufacturing................... | 1.0 | .8 | .3 | 2.5 | .5 | .9 |
| Nonmanufacturing excluding construction..................... | .7 | .8 | .4 | 2.4 | .5 | .7 |
| Construction....................... | 1.8 | .8 | .1 | 2.9 | .4 | 1.6 |
| Transportation and public utilities. | .7 | .8 | .2 | 2.1 | .2 | .6 |
| Wholesale and retail trade.......... | .8 | .6 | .7 | 2.3 | .7 | .7 |
| Services........................... | .6 | 1.2 | .7 | 3.5 | 1.3 | .7 |
| Effective wage change for workers receiving changes4/ | | | | | | |
| Total effective wage change........... | 2.3 | 2.1 | 1.9 | 3.3 | 1.9 | 2.6 |
| Source: | | | | | | |
| Current settlements.............. | 3.1 | 2.7 | 3.1 | 3.1 | 3.9 | 4.1 |
| Prior agreements................. | 3.3 | 2.5 | 2.8 | 3.0 | 3.2 | 3.3 |
| COLA provisions.................. | .6 | 1.1 | 1.2 | 2.7 | .8 | 1.3 |
| Total number of workers receiving wage change (in thousands)5/.............. | 2,268.3 | 2,234.5 | 1,553.4 | 4,737.2 | 1,666.4 | 2,265.2 |
| Source: | | | | | | |
| Current settlements.............. | 650.0 | 401.6 | 265.5 | 1,429.5 | 147.2 | 400.5 |
| Prior agreements................. | 849.3 | 988.4 | 344.3 | 2,609.0 | 587.7 | 820.9 |
| COLA provisions.................. | 845.9 | 1,042.4 | 1,002.4 | 1,267.9 | 951.0 | 1,150.9 |
| Number of workers not receiving a wage change (in thousands)................ | 3,746.8 | 3,780.5 | 4,461.6 | 1,277.9 | 4,335.3 | 3,736.5 |

1/ Preliminary revised.
2/ Preliminary.
3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.
4/ The total change reflects the worker weighted average of each source of wage change.
5/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 9. Average wage adjustments 1/in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1987 | | | 1988 | | | | 1989 | |
| | II | III | IV | I | II | III | IV | I2/ | II3/ |
| All industries | | | | | | | | | |
| First year4/ | 1.5 | 2.0 | 2.2 | 2.4 | 2.4 | 2.5 | 2.5 | 2.7 | 3.2 |
| Contracts with COLA clauses | 1.8 | 2.1 | 2.3 | 2.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.2 |
| Contracts without COLA clauses | 1.3 | 2.0 | 2.1 | 2.5 | 2.4 | 2.6 | 2.7 | 2.9 | 3.4 |
| Over life of contract5/ | 2.0 | 2.2 | 2.1 | 2.2 | 2.0 | 2.2 | 2.4 | 2.5 | 2.9 |
| Contracts with COLA clauses | 1.7 | 1.7 | 1.5 | 1.4 | 1.5 | 1.5 | 1.8 | 1.8 | 1.8 |
| Contracts without COLA clauses | 2.1 | 2.5 | 2.5 | 2.7 | 2.5 | 2.8 | 2.8 | 2.9 | 3.2 |
| Manufacturing | | | | | | | | | |
| First year4/ | -.8 | 1.1 | 2.1 | 2.4 | 2.5 | 2.6 | 2.2 | 2.2 | 2.6 |
| Contracts with COLA clauses | 1.3 | 2.1 | 2.4 | 2.4 | 2.5 | 2.4 | 2.1 | 2.1 | 2.0 |
| Contracts without COLA clauses | -2.7 | -.1 | 1.3 | 2.4 | 2.5 | 3.0 | 2.5 | 2.5 | 3.1 |
| Over life of contract5/ | .3 | 1.0 | 1.3 | 1.5 | 1.6 | 1.9 | 2.1 | 2.1 | 2.4 |
| Contracts with COLA clauses | .8 | 1.0 | 1.0 | 1.0 | 1.3 | 1.4 | 1.8 | 1.8 | 1.7 |
| Contracts without COLA clauses | -.2 | 1.2 | 2.1 | 2.7 | 2.5 | 3.1 | 2.6 | 2.8 | 3.1 |
| Nonmanufacturing | | | | | | | | | |
| First year4/ | 2.3 | 2.4 | 2.3 | 2.3 | 2.3 | 2.4 | 2.8 | 3.0 | 3.5 |
| Contracts with COLA clauses | 2.1 | 2.1 | 1.9 | 1.6 | 2.2 | 2.4 | 2.9 | 2.9 | 2.9 |
| Contracts without COLA clauses | 2.3 | 2.6 | 2.4 | 2.5 | 2.4 | 2.5 | 2.7 | 3.0 | 3.5 |
| Over life of contract5/ | 2.6 | 2.8 | 2.7 | 2.7 | 2.4 | 2.4 | 2.5 | 2.7 | 3.2 |
| Contracts with COLA clauses | 2.2 | 2.4 | 2.7 | 2.4 | 1.9 | 1.8 | 1.7 | 1.7 | 2.3 |
| Contracts without COLA clauses | 2.7 | 2.9 | 2.7 | 2.7 | 2.6 | 2.7 | 2.8 | 3.0 | 3.3 |
| Construction | | | | | | | | | |
| First year4/ | 2.7 | 3.0 | 2.9 | 2.9 | 2.6 | 2.1 | 2.2 | 2.4 | 2.4 |
| Contracts with COLA clauses | 3.7 | 6/ | 6/ | 6/ | 7/ | 7/ | 7/ | 7/ | 7/ |
| Contracts without COLA clauses | 2.7 | 6/ | 6/ | 6/ | 2.6 | 2.1 | 2.2 | 2.4 | 2.4 |
| Over life of contract5/ | 2.9 | 3.2 | 3.1 | 3.1 | 2.7 | 2.4 | 2.6 | 2.7 | 2.9 |
| Contracts with COLA clauses | 3.8 | 6/ | 6/ | 6/ | 7/ | 7/ | 7/ | 7/ | 7/ |
| Contracts without COLA clauses | 2.9 | 6/ | 6/ | 6/ | 2.7 | 2.4 | 2.6 | 2.7 | 2.9 |

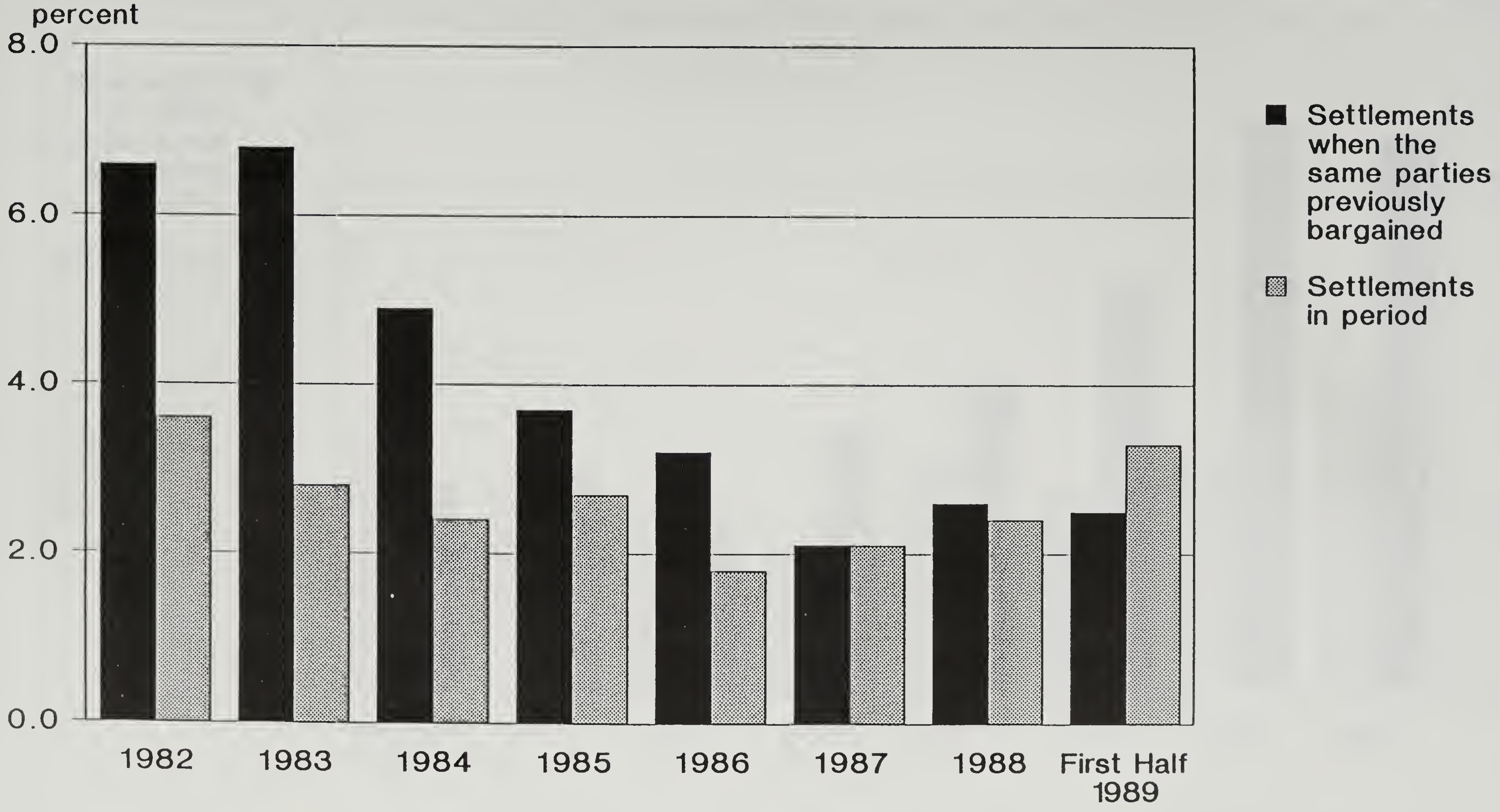
1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.
6/ Data by COLA coverage do not meet publication standards.
7/ No settlement had a COLA clause.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1987 | | | 1988 | | | | 1989 | |
| | II | III | IV | I | II | III | IV | I1/ | II2/ |
| Total effective adjustments (prorated over all workers)3/.... | 2.2 | 2.6 | 3.1 | 3.2 | 3.0 | 2.9 | 2.6 | 2.7 | 2.8 |
| Source: | | | | | | | | | |
| From current settlements....... | .3 | .4 | .7 | .8 | 1.0 | 1.0 | .7 | .7 | .7 |
| From prior agreements.......... | 1.6 | 1.7 | 1.8 | 1.8 | 1.6 | 1.4 | 1.3 | 1.3 | 1.3 |
| From COLA...................... | .3 | .4 | .5 | .5 | .5 | .5 | .6 | .6 | .8 |
| Effective wage change for workers receiving change4/.............. | 2.8 | 3.2 | 3.6 | 3.8 | 3.7 | 3.5 | 3.3 | 3.5 | 3.7 |
| Source: | | | | | | | | | |
| From current settlements....... | .9 | 1.8 | 2.9 | 2.9 | 2.9 | 2.9 | 3.1 | 3.2 | 3.5 |
| From prior agreements.......... | 3.5 | 3.3 | 3.3 | 3.3 | 3.3 | 3.0 | 3.0 | 3.2 | 3.2 |
| From COLA...................... | 1.8 | 2.3 | 2.6 | 2.7 | 2.3 | 2.5 | 2.7 | 2.9 | 3.2 |

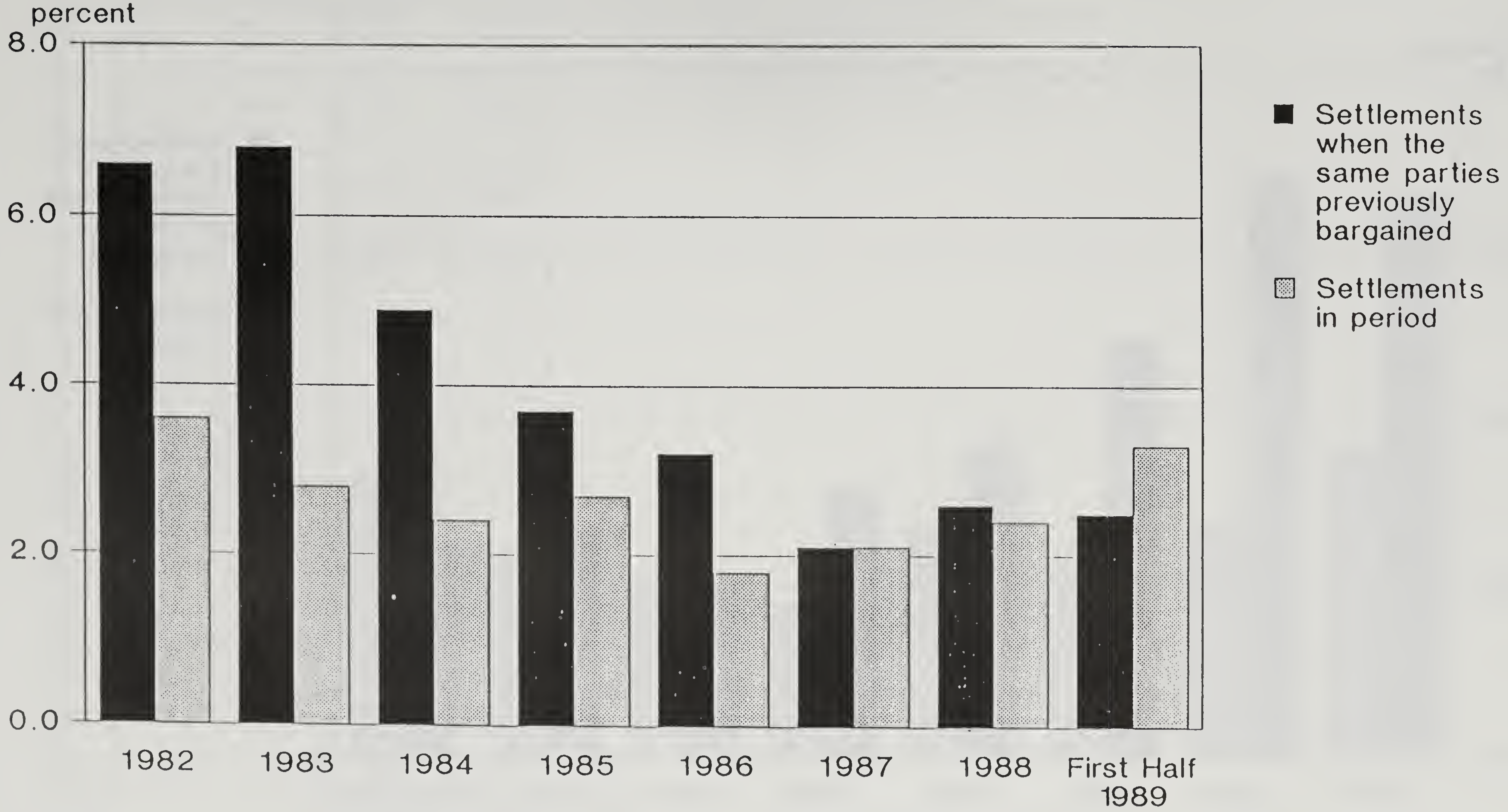
1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8.
4/ See note 4, table 8.

# Average Annual Wage Adjustments Over the Life of Contracts Provided by Major Collective Bargaining Settlements in Private Industry, 1982–First Half 1989



Source: Bureau of Labor Statistics

## Average Annual Wage Adjustments Over the Life of Contracts Provided by Major Collective Bargaining Settlements in Private Industry, 1982–First Half 1989



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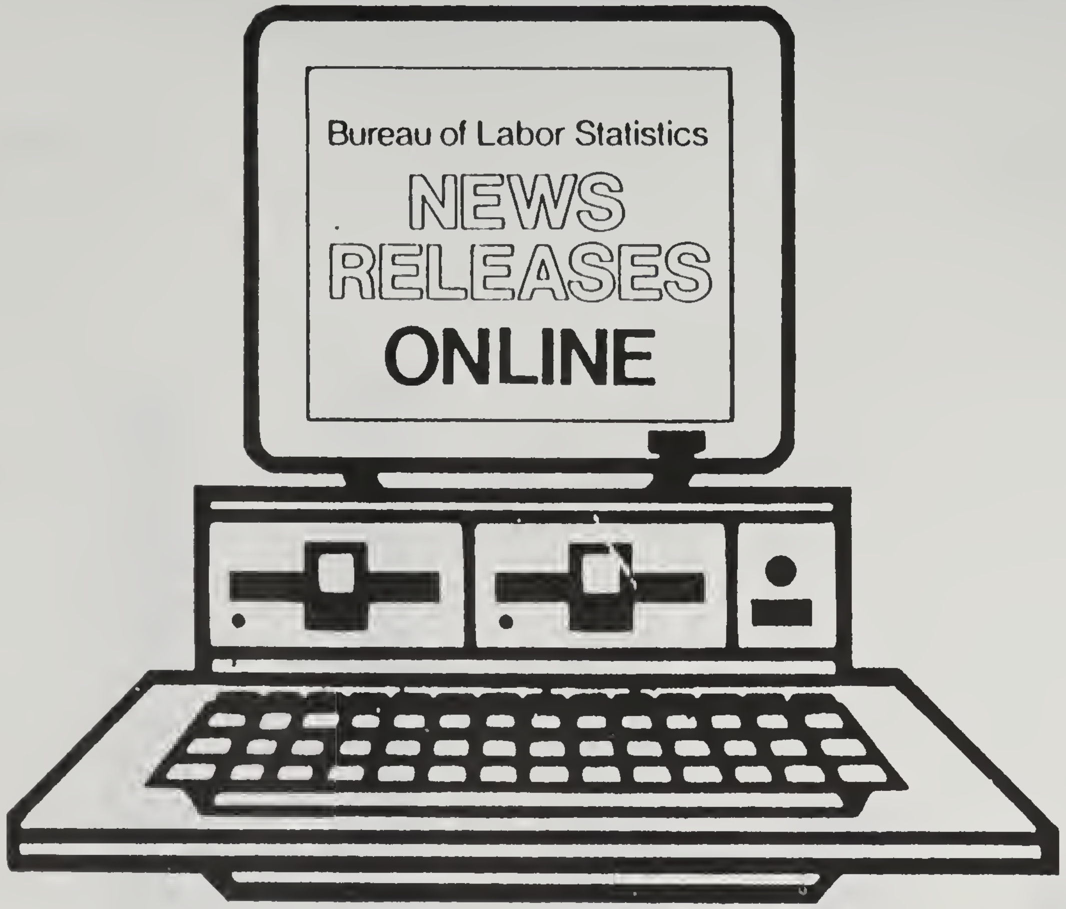

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, FIRST 9 MONTHS 1989

Major collective bargaining settlements reached in private industry during the first 9 months of 1989 provided wage rate adjustments averaging 3.7 percent in the first contract year and 3.1 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. (These data exclude lump-sum payments and cost-of-living adjustments.) The settlements covered 1,322,000 workers.

The last time parties to these settlements negotiated, usually in 1986 or 1987, wage rate adjustments (increases, decreases, and freezes) were smaller, averaging 2.4 percent annually over the contract term. Should this pattern continue, 1989 will be the first year since 1981, when this measure was introduced, in which settlements provided larger wage adjustments over their term than were called for in the contracts they replaced. (See chart.) The difference through the first 9 months of this year reflects the restoration of wages that had been cut in some industries (e.g., steel) as well as wage gains, primarily for nurses in health care facilities, that were larger than in the previous agreements.

Settlements reached in the 12 months ended September 30 covered 1,627,000 workers. They provided wage adjustments averaging 3.0 percent annually over the contract life, compared with 2.3 percent when the same parties previously bargained.

The Bureau's major collective bargaining agreements series for private industry covers 6.0 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in the first 9 months of 1989, this release includes information on wage changes effective in the period that resulted from new settlements, agreements reached in earlier periods, and cost-of-living adjustments (COLAs).

## Settlements in the first 9 months of 1989

Lump-sum provisions were included in contracts covering 35 percent (461,000) of the workers under settlements reached in the first 9 months of 1989. (The proportion of all workers under major agreements with lump-sum provisions was 44 percent.) Lump-sum payments--typically made instead of wage increases or to offset wage cuts--are not included in the computation of wage adjustments.

Settlements containing lump-sum provisions called for wage rate adjustments averaging 2.6 percent annually over the contract term compared with an average of 3.4 percent for settlements without lump-sums. Lump-sum provisions were negotiated in a variety of industries, but were concentrated in food stores, electrical equipment and steel manufacturing, and airlines.

Contracts for 15 percent (200,000) of the workers under settlements in the first 9 months of 1989 had a cost-of-living adjustment (COLA) clause. COLA clauses were dropped from contracts covering about 2 percent (28,000) of the workers under settlements in the first 9 months of 1989 and one new COLA was negotiated for 2,500 workers. (The proportion of all workers under major agreements with COLAs was 40 percent.) Settlements data exclude potential wage changes resulting from COLA clauses because they depend upon future price changes. (See explanatory note.)

Settlements in nonmanufacturing covered 81 percent (1,074,000) of all workers under contracts negotiated in the first 9 months of 1989; they provided average wage rate adjustments of 3.2 percent annually over the contract term. About one-third of the workers under these settlements were employed in the construction industry, where settlements called for adjustments averaging 3.0 percent annually over their life. Settlements in other nonmanufacturing industries averaged 3.3 percent and were concentrated in communications, food stores, and utilities.

Wage adjustments were lower in manufacturing than in nonmanufacturing--averaging 2.9 percent annually over the contract life. Lump-sum provisions and COLA clauses, however, were more prevalent in manufacturing. About seven-tenths of the manufacturing workers, compared with three-tenths of the nonmanufacturing workers, were under contracts that had lump sums, COLAs, or both. Workers covered by manufacturing settlements were concentrated in electrical equipment and steel manufacturing.

Settlements negotiated in the first 9 months of 1989 most commonly were "front-loaded"--that is, they specified larger wage adjustments in the first contract year than in later years. Fifty-four percent (714,000) of the workers had front-loaded contracts with wage adjustments averaging 5.2 percent in the first contract year and 3.6 percent annually over the contract term.

Thirty-three percent (439,000) of the workers were under "back-loaded" contracts that delay larger wage increases past the first contract year. They provided wage adjustments averaging 1.5 percent the first contract year and 2.5 percent annually over the contract life. The remaining 13 percent (169,000) of the workers had either 1-year contracts or multiyear agreements providing equal wage adjustments each year.

Settlements in the first 9 months of 1989 provided wage increases in the first contract year for 90 percent (1,186,000) of the workers, no wage change in the first year for 9 percent (122,000), and wage decreases for 1 percent of the workers. Subsequent wage increases for 96,000 workers will result in 97 percent (1,282,000) of the workers receiving wage increases over the contract term.

The Bureau also measures changes in rates of compensation (wages and employee benefits) in settlements covering at least 5,000 workers. Settlements reached in the first 9 months of 1989 provided compensation rate adjustments of 4.1 percent in the first contract year and 3.0 percent annually over the life of the contract.

### Effective wage adjustments

In addition to data on settlements, the Bureau compiles information on wage adjustments effective in the reference period. Effective wage adjustments cover all workers under major collective bargaining agreements. They include workers receiving changes (from settlements during the period, earlier agreements with changes deferred to the period, and COLA clauses) and workers receiving no change in wages during the reference period. Effective wage adjustments for the first 9 months of 1989 averaged 2.5 percent for all 6.0 million workers under major agreements. About 4.2 million of the workers had wage changes (all but 22,000 had increases) that averaged 3.6 percent.

The following tabulation shows, for the first 9 months of 1989, the average total effective wage rate adjustment (increase, decrease, or no change for all workers) and the average change (for workers with increases and decreases) by source (in percent):

|  | For all workers (prorated) | For workers receiving wage changes |
|---|---|---|
| Total .................... | 2.5 | 3.6 |
| Settlements in period... | 0.8 | 3.9 |
| Deferred adjustments ... | 1.1 | 3.4 |
| COLA .................. | 0.6 | 2.9 |

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes (typically based on the Bureau's Consumer Price Index--CPI), the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 1,540,000 workers that had COLA reviews in the first 9 months of 1989, 1,250,000 had COLA-triggered wage increases averaging 2.9 percent. The remaining workers had no wage change, largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in the first 9 months averaged 62 percent of the price change during the COLA review period.

### Fourth-quarter 1989 bargaining activity

There were 903,000 workers under 131 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to September 30, 1989. About 350,000 of these workers are employed in railroads, 182,000 in telephone communications, and the balance in a variety of other industries. In addition, 322,000 workers are under 74 major agreements scheduled to expire or reopen for wage negotiations during October-December 1989, primarily in transportation equipment manufacturing, utilities, and food stores.

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About 326,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 2.7 percent during the fourth quarter of 1989. These changes will be made under provisions of agreements negotiated earlier. About 942,000 workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wages and benefits.

Percentage changes in wage rates are calculated by dividing newly negotiated wage changes by the average hourly rate at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) rate change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by the existing average hourly compensation rate, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration data or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

### Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached earlier with changes deferred to the period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change. Although not all wage changes from COLA clauses are incorporated into the wage rate, they are included in the effective wage change measure.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for the first 9 months of 1989 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1990.

Additional historical information is available from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector collective bargaining settlements are developed separately and issued semi-annually. Preliminary data for the first half of 1989 were released in August.

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Major private industry collective bargaining settlements data for the full year 1989 will be released on January 25, 1990, at 10:00 AM (EST).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments1/ in collective bargaining settlements, first nine months of 1989.
(in percent)

| Measure | First-year adjustments2/ | Annual adjustment over life of contracts3/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 3.7 | 3.1 | 1,322 |
| Contracts with COLA clauses | 2.9 | 2.1 | 200 |
| Contracts without COLA clauses | 3.8 | 3.3 | 1,122 |
| Manufacturing | 3.0 | 2.9 | 248 |
| Contracts with COLA clauses | 2.4 | 2.4 | 50 |
| Contracts without COLA clauses | 3.1 | 3.1 | 198 |
| Nonmanufacturing | 3.8 | 3.2 | 1,074 |
| Contracts with COLA clauses | 3.0 | 2.1 | 150 |
| Contracts without COLA clauses | 3.9 | 3.4 | 924 |
| Construction4/ | 2.8 | 3.0 | 356 |
| All industries excluding construction | 4.0 | 3.2 | 967 |
| Contracts with COLA clauses | 2.9 | 2.1 | 199 |
| Contracts without COLA clauses | 4.3 | 3.5 | 768 |
| Nonmanufacturing excluding construction | 4.3 | 3.3 | 718 |
| Contracts with COLA clauses | 3.0 | 2.0 | 149 |
| Contracts without COLA clauses | 4.7 | 3.6 | 569 |
| Goods-producing | 2.9 | 3.0 | 608 |
| Contracts with COLA clauses | 2.4 | 2.4 | 51 |
| Contracts without COLA clauses | 2.9 | 3.0 | 557 |
| Service-producing | 4.3 | 3.3 | 714 |
| Contracts with COLA clauses | 3.0 | 2.0 | 149 |
| Contracts without COLA clauses | 4.6 | 3.6 | 565 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 4.1 | 3.0 | 703 |
| Contracts with COLA clauses | 5.7 | 2.8 | 127 |
| Contracts without COLA clauses | 3.7 | 3.0 | 576 |
| Manufacturing | 3.6 | 3.0 | 91 |
| Contracts without COLA clauses | 3.6 | 3.0 | 91 |
| Nonmanufacturing | 4.1 | 3.0 | 612 |
| Contracts with COLA clauses | 5.7 | 2.8 | 127 |
| Contracts without COLA clauses | 3.7 | 3.0 | 486 |
| Construction | 4.0 | 4.0 | 112 |
| Contracts without COLA clauses | 4.0 | 4.0 | 112 |
| All industries excluding construction | 4.1 | 2.8 | 591 |
| Contracts with COLA clauses | 5.7 | 2.8 | 127 |
| Contracts without COLA clauses | 3.7 | 2.8 | 464 |
| Nonmanufacturing excluding construction | 4.2 | 2.7 | 500 |
| Contracts with COLA clauses | 5.7 | 2.8 | 127 |
| Contracts without COLA clauses | 3.7 | 2.7 | 373 |
| Goods-producing | 3.8 | 3.6 | 203 |
| Contracts without COLA clauses | 3.8 | 3.6 | 203 |
| Service-producing | 4.2 | 2.7 | 500 |
| Contracts with COLA clauses | 5.7 | 2.8 | 127 |
| Contracts without COLA clauses | 3.7 | 2.7 | 373 |

---

1/ Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

2/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

3/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

4/ Data by COLA coverage do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments 1/in collective bargaining settlements covering 1,000 workers or more, first nine months of 1989.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 1,322 | 248 | 1,074 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 9 | 15 | 8 |
| Decreases3/ | 1 | 2 | 1 |
| Increases | 90 | 83 | 91 |
| Under 2 percent | 15 | 24 | 13 |
| 2 and under 4 percent | 30 | 20 | 32 |
| 4 and under 6 percent | 31 | 19 | 33 |
| 6 percent and over | 14 | 20 | 13 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 3.7 | 3.0 | 3.8 |
| Median adjustment (percent) | 3.5 | 3.0 | 3.5 |
| Mean increase (percent) | 4.1 | 3.7 | 4.2 |
| Median increase (percent) | 4.0 | 3.5 | 4.0 |
| Mean decrease (percent) | -4.9 | 4/ | 4/ |
| Median decrease (percent) | -1.5 | 4/ | 4/ |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ Data do not meet publication standards.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments1/ over the life of the contract in collective bargaining settlements covering 1,000 workers or more, first nine months of 1989.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 1,322 | 248 | 1,074 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 3 | 2 | 3 |
| Decreases3/ | 1 | 2 | (4) |
| Increases | 97 | 96 | 97 |
| Under 2 percent | 17 | 17 | 17 |
| 2 and under 4 percent | 52 | 51 | 52 |
| 4 and under 6 percent | 21 | 24 | 21 |
| 6 percent and over | 6 | 4 | 7 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 3.1 | 2.9 | 3.2 |
| Median adjustment (percent) | 2.9 | 3.0 | 2.9 |
| Mean increase (percent) | 3.3 | 3.1 | 3.3 |
| Median increase (percent) | 2.9 | 3.0 | 2.9 |

1/ See note 1, table 1.
2/ See note 3, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ Less than 0.5 percent.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment[1] in collective bargaining settlements covering 5,000 workers or more, first nine months of 1989.

| Measure | First-year adjustments[2] |
|---|---|
| Total number of workers (in thousands) | 703 |
| Percent of workers | |
| All settlements | 100 |
| No change | 0 |
| Decreases | 2 |
| Increases | 98 |
| Under 2 percent | 18 |
| 2 and under 4 percent | 39 |
| 4 and under 6 percent | 18 |
| 6 percent and over | 24 |
| Adjustments (in percent) | |
| Mean adjustment (percent) | 4.1 |
| Median adjustment (percent) | 3.2 |
| | Adjustments averaged over life of contract[3] |
| Total number of workers (in thousands) | 703 |
| Percent of workers | |
| All settlements | 100 |
| No change | 0 |
| Decreases | 2 |
| Increases | 98 |
| Under 2 percent | 14 |
| 2 and under 4 percent | 65 |
| 4 and under 6 percent | 18 |
| 6 percent and over | 1 |
| Adjustments (in percent) | |
| Mean adjustment (percent) | 3.0 |
| Median adjustment (percent) | 2.8 |

[1] See note 1, table 1.
[2] See note 2, table 1.
[3] See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment1/ in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, first nine months of 1989.

| Measure | First-year adjustments2/ | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 356 | 356 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 1 | 8 |
| Decreases3/ | 2 | 3 |
| Increases | 97 | 89 |
| Under 2 percent | 15 | 19 |
| 2 and under 4 percent | 50 | 49 |
| 4 and under 6 percent | 25 | 13 |
| 6 and under 8 percent | 6 | 4 |
| 8 percent and over | (4) | 4 |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 3.2 | 2.8 |
| Median adjustment (percent) | 3.4 | 2.8 |
| Mean increase (percent) | 3.5 | 3.3 |
| Median increase (percent) | 3.4 | 3.1 |

| | Adjustments averaged over life of contract5/ | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 356 | 356 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 1 | 4 |
| Decreases3/ | 1 | 1 |
| Increases | 98 | 95 |
| Under 2 percent | 12 | 14 |
| 2 and under 4 percent | 61 | 57 |
| 4 and under 6 percent | 20 | 16 |
| 6 and under 8 percent | 2 | 7 |
| 8 percent and over | 3 | (4) |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 3.3 | 3.0 |
| Median adjustment (percent) | 3.1 | 2.9 |
| Mean increase (percent) | 3.4 | 3.2 |
| Median increase (percent) | 3.1 | 3.0 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ Less than 0.5 percent.
5/ See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments1/ in collective bargaining settlements covering 1,000 workers or more by duration of contract, first nine months of 1989.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements.................. | 360 | 25 | 19 | 39 | 38 | 143 | 96 |
| Number of workers (in thousands)........ | 1,322 | 53 | 40 | 130 | 124 | 400 | 575 |
| Average duration (months).............. | 35.0 | 11.7 | 16.4 | 24.0 | 34.6 | 36.0 | 40.4 |
| Percent adjustment in: | | | | | | | |
| First contract year............. | 3.7 | 3.6 | 3.5 | 4.4 | 2.9 | 3.3 | 3.9 |
| Second contract year2/.......... | 3.1 | - | 1.3 | 4.4 | 3.1 | 3.0 | 3.0 |
| Third contract year3/........... | 2.7 | - | - | - | 2.9 | 3.1 | 2.4 |
| Average annual percent adjustment over life of contract.................... | 3.1 | 3.7 | 3.1 | 4.4 | 3.0 | 3.1 | 2.9 |

1/ See note 1, table 1.
2/ Average is based only on settlements with a duration greater than 12 months.
3/ Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached by quarter and year, third quarter 1988 - third quarter 1989. (in percent)

| Measure | 1988 | | | 1989 | | |
|---|---|---|---|---|---|---|
| | III | IV | Full year | I2/ | II2/ | III3/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries................. | 2.7 | 2.6 | 2.5 | 3.2 | 3.9 | 3.6 |
| Contracts with COLA clauses... | 2.0 | 2.1 | 2.4 | 2.5 | 3.0 | 2.9 |
| Contracts without COLA clauses | 3.1 | 2.9 | 2.7 | 3.2 | 4.0 | 3.9 |
| Manufacturing.................. | 2.6 | 1.8 | 2.2 | 2.1 | 3.7 | 2.7 |
| Contracts with COLA clauses... | 1.9 | 1.9 | 2.1 | 5/ | 2.9 | 1.0 |
| Contracts without COLA clauses | 3.6 | 1.7 | 2.5 | 5/ | 4.0 | 2.8 |
| Nonmanufacturing............... | 2.8 | 3.4 | 2.8 | 3.5 | 3.9 | 3.8 |
| Contracts with COLA clauses... | 2.7 | 2.9 | 2.9 | 5/ | 3.0 | 3.0 |
| Contracts without COLA clauses | 2.8 | 3.5 | 2.7 | 5/ | 4.0 | 4.2 |
| Construction................... | 1.9 | .4 | 2.2 | 3.0 | 2.7 | 2.8 |
| All industries excluding construction................. | 3.0 | 2.9 | 2.6 | 3.2 | 4.7 | 3.8 |
| Nonmanufacturing excluding construction................. | 3.9 | 4.1 | 3.1 | 3.8 | 5.2 | 4.1 |
| Annual average over life of contract6/ | | | | | | |
| All industries................... | 2.8 | 2.2 | 2.4 | 3.1 | 3.4 | 3.0 |
| Contracts with COLA clauses... | 1.7 | 1.6 | 1.8 | 2.4 | 2.5 | 2.0 |
| Contracts without COLA clauses | 3.4 | 2.5 | 2.8 | 3.1 | 3.4 | 3.3 |
| Manufacturing.................... | 2.6 | 1.7 | 2.1 | 2.4 | 2.9 | 3.2 |
| Contracts with COLA clauses... | 1.7 | 1.3 | 1.8 | 5/ | 2.4 | 3.5 |
| Contracts without COLA clauses | 3.8 | 2.3 | 2.6 | 5/ | 3.1 | 3.2 |
| Nonmanufacturing................. | 3.1 | 2.7 | 2.5 | 3.3 | 3.5 | 3.0 |
| Contracts with COLA clauses... | 1.3 | 2.8 | 1.7 | 5/ | 2.9 | 1.9 |
| Contracts without COLA clauses | 3.3 | 2.7 | 2.8 | 5/ | 3.5 | 3.3 |
| Construction..................... | 2.8 | 1.7 | 2.6 | 2.9 | 3.1 | 3.0 |
| All industries excluding construction................. | 2.9 | 2.3 | 2.3 | 3.2 | 3.5 | 3.0 |
| Nonmanufacturing excluding construction................. | 3.5 | 2.9 | 2.5 | 3.5 | 3.9 | 2.9 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries................. | 3.4 | 3.5 | 3.1 | 3.2 | 5.0 | 3.9 |
| Contracts with COLA clauses... | 2.5 | 4.0 | 3.3 | 7/ | 7/ | 5.7 |
| Contracts without COLA clauses | 4.0 | 3.2 | 2.9 | 3.2 | 5.0 | 3.2 |
| Annual average over life of contract6/ | | | | | | |
| All industries................. | 3.2 | 2.1 | 2.5 | 3.4 | 3.4 | 2.7 |
| Contracts with COLA clauses... | 1.8 | 2.3 | 2.1 | 7/ | 7/ | 2.8 |
| Contracts without COLA clauses | 4.0 | 2.0 | 2.8 | 3.4 | 3.4 | 2.7 |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ Data do not meet publication standards.
6/ See note 3, table 1.
7/ No settlement had a COLA clause.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, by quarter and year, third quarter 1988 - third quarter 1989.
(in percent)

| Characteristic | 1988 | | | 1989 | | |
|---|---|---|---|---|---|---|
| | III | IV | Full Year | I1/ | II1/ | III2/ |
| Adjustments (prorated over all workers)3/ | | | | | | |
| Total effective adjustments | 0.8 | 0.5 | 2.6 | 0.5 | 1.0 | 1.0 |
| Source: | | | | | | |
| Current settlements | .2 | .1 | .7 | .1 | .3 | .4 |
| Prior agreements | .4 | .2 | 1.3 | .3 | .5 | .4 |
| COLA provisions | .2 | .2 | .6 | .1 | .2 | .2 |
| Industry | | | | | | |
| Manufacturing | .8 | .9 | 2.8 | .6 | 1.1 | 1.0 |
| Nonmanufacturing | .8 | .3 | 2.5 | .5 | .9 | 1.0 |
| Nonmanufacturing excluding construction | .8 | .4 | 2.4 | .6 | .7 | 1.0 |
| Construction | .8 | .1 | 2.9 | .4 | 1.6 | .9 |
| Transportation and public utilities | .8 | .2 | 2.1 | .2 | .6 | .9 |
| Wholesale and retail trade | .6 | .7 | 2.3 | .7 | .7 | 1.2 |
| Services | 1.2 | .7 | 3.5 | 1.3 | .7 | 1.3 |
| Effective wage change for workers receiving changes4/ | | | | | | |
| Total effective wage change | 2.1 | 1.9 | 3.3 | 1.9 | 2.6 | 2.6 |
| Source: | | | | | | |
| Current settlements | 2.7 | 3.1 | 3.1 | 3.9 | 4.0 | 3.5 |
| Prior agreements | 2.5 | 2.8 | 3.0 | 3.2 | 3.3 | 3.2 |
| COLA provisions | 1.1 | 1.2 | 2.7 | .8 | 1.3 | 1.4 |
| Total number of workers receiving wage change (in thousands)5/ | 2,234.5 | 1,553.4 | 4,737.2 | 1,659.3 | 2,290.5 | 2,224.0 |
| Source: | | | | | | |
| Current settlements | 401.6 | 265.5 | 1,429.5 | 147.2 | 434.2 | 637.4 |
| Prior agreements | 988.4 | 344.3 | 2,609.0 | 585.5 | 820.4 | 699.8 |
| COLA provisions | 1,042.4 | 1,002.4 | 1,267.9 | 946.1 | 1,146.9 | 933.0 |
| Number of workers not receiving a wage change (in thousands) | 3,780.5 | 4,461.6 | 1,277.9 | 4,305.3 | 3,674.1 | 3,740.7 |

1/ Preliminary revised.
2/ Preliminary.
3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.
4/ The total change reflects the worker weighted average of each source of wage change.
5/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 9. Average wage adjustments 1/in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1987 | | 1988 | | | | 1989 | | |
| | III | IV | I | II | III | IV | I2/ | II2/ | III3/ |
| All industries | | | | | | | | | |
| First year4/ | 2.0 | 2.2 | 2.4 | 2.4 | 2.5 | 2.5 | 2.7 | 3.2 | 3.5 |
| Contracts with COLA clauses | 2.1 | 2.3 | 2.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.2 | 2.6 |
| Contracts without COLA clauses | 2.0 | 2.1 | 2.5 | 2.4 | 2.6 | 2.7 | 2.9 | 3.4 | 3.7 |
| Over life of contract5/ | 2.2 | 2.1 | 2.2 | 2.0 | 2.2 | 2.4 | 2.5 | 2.9 | 3.0 |
| Contracts with COLA clauses | 1.7 | 1.5 | 1.4 | 1.5 | 1.5 | 1.8 | 1.8 | 1.8 | 2.0 |
| Contracts without COLA clauses | 2.5 | 2.5 | 2.7 | 2.5 | 2.8 | 2.8 | 2.9 | 3.2 | 3.2 |
| Manufacturing | | | | | | | | | |
| First year4/ | 1.1 | 2.1 | 2.4 | 2.5 | 2.6 | 2.2 | 2.2 | 2.6 | 2.6 |
| Contracts with COLA clauses | 2.1 | 2.4 | 2.4 | 2.5 | 2.4 | 2.1 | 2.1 | 2.1 | 2.1 |
| Contracts without COLA clauses | -.1 | 1.3 | 2.4 | 2.5 | 3.0 | 2.5 | 2.4 | 3.1 | 2.8 |
| Over life of contract5/ | 1.0 | 1.3 | 1.5 | 1.6 | 1.9 | 2.1 | 2.1 | 2.4 | 2.5 |
| Contracts with COLA clauses | 1.0 | 1.0 | 1.0 | 1.3 | 1.4 | 1.8 | 1.8 | 1.7 | 1.7 |
| Contracts without COLA clauses | 1.2 | 2.1 | 2.7 | 2.5 | 3.1 | 2.6 | 2.7 | 3.1 | 2.9 |
| Nonmanufacturing | | | | | | | | | |
| First year4/ | 2.4 | 2.3 | 2.3 | 2.3 | 2.4 | 2.8 | 3.0 | 3.5 | 3.8 |
| Contracts with COLA clauses | 2.1 | 1.9 | 1.6 | 2.2 | 2.4 | 2.9 | 2.9 | 3.0 | 3.0 |
| Contracts without COLA clauses | 2.6 | 2.4 | 2.5 | 2.4 | 2.5 | 2.7 | 3.0 | 3.5 | 3.9 |
| Over life of contract5/ | 2.8 | 2.7 | 2.7 | 2.4 | 2.4 | 2.5 | 2.7 | 3.2 | 3.1 |
| Contracts with COLA clauses | 2.4 | 2.7 | 2.4 | 1.9 | 1.8 | 1.7 | 1.7 | 2.5 | 2.1 |
| Contracts without COLA clauses | 2.9 | 2.7 | 2.7 | 2.6 | 2.7 | 2.8 | 3.0 | 3.3 | 3.3 |
| Construction | | | | | | | | | |
| First year4/ | 3.0 | 2.9 | 2.9 | 2.6 | 2.1 | 2.2 | 2.4 | 2.4 | 2.6 |
| Contracts with COLA clauses | 6/ | 6/ | 6/ | 7/ | 7/ | 7/ | 7/ | 7/ | 6/ |
| Contracts without COLA clauses | 6/ | 6/ | 6/ | 2.6 | 2.1 | 2.2 | 2.4 | 2.4 | 6/ |
| Over life of contract5/ | 3.2 | 3.1 | 3.1 | 2.7 | 2.4 | 2.6 | 2.7 | 2.9 | 2.9 |
| Contracts with COLA clauses | 6/ | 6/ | 6/ | 7/ | 7/ | 7/ | 7/ | 7/ | 6/ |
| Contracts without COLA clauses | 6/ | 6/ | 6/ | 2.7 | 2.4 | 2.6 | 2.7 | 2.9 | 6/ |

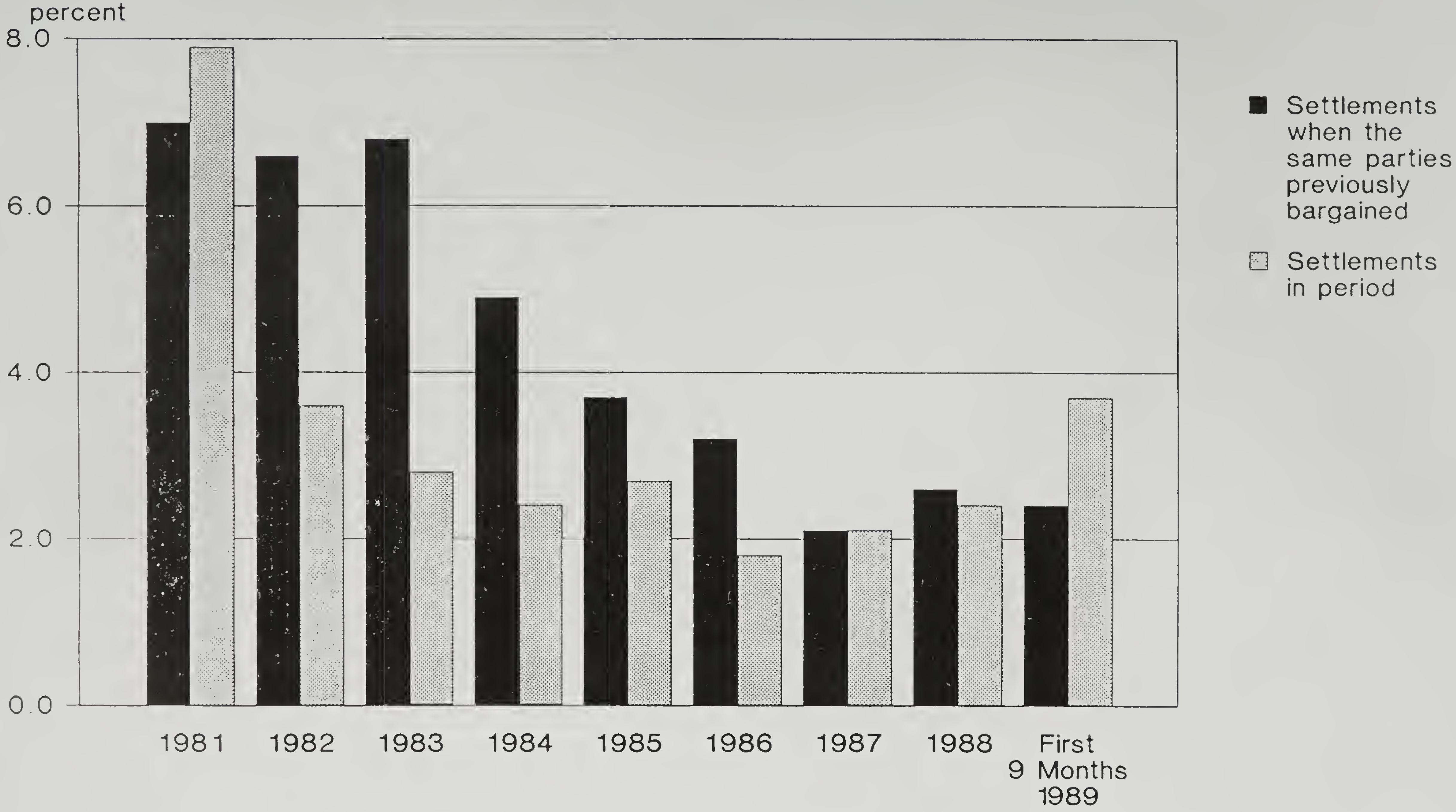
1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.
6/ Data by COLA coverage do not meet publication standards.
7/ No settlement had a COLA clause.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1987 | | 1988 | | | | 1989 | | |
| | III | IV | I | II | III | IV | I1/ | II1/ | III2/ |
| Total effective adjustments (prorated over all workers)3/.... | 2.6 | 3.1 | 3.2 | 3.0 | 2.9 | 2.6 | 2.7 | 2.8 | 3.0 |
| Source: | | | | | | | | | |
| From current settlements....... | .4 | .7 | .8 | 1.0 | 1.0 | .7 | .7 | .7 | .9 |
| From prior agreements.......... | 1.7 | 1.8 | 1.8 | 1.6 | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 |
| From COLA...................... | .4 | .5 | .5 | .5 | .5 | .6 | .6 | .8 | .8 |
| Effective wage change for workers receiving change4/.............. | 3.2 | 3.6 | 3.8 | 3.7 | 3.5 | 3.3 | 3.5 | 3.8 | 4.0 |
| Source: | | | | | | | | | |
| From current settlements....... | 1.8 | 2.9 | 2.9 | 2.9 | 2.9 | 3.1 | 3.2 | 3.5 | 3.7 |
| From prior agreements.......... | 3.3 | 3.3 | 3.3 | 3.3 | 3.0 | 3.0 | 3.2 | 3.2 | 3.4 |
| From COLA...................... | 2.3 | 2.6 | 2.7 | 2.3 | 2.5 | 2.7 | 2.9 | 3.2 | 3.8 |

1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8.
4/ See note 4, table 8.

# Average Annual Wage Rate Adjustments Over the Life of Contracts Provided by Major Collective Bargaining Settlements in Private Industry, 1981–First 9 Months 1989



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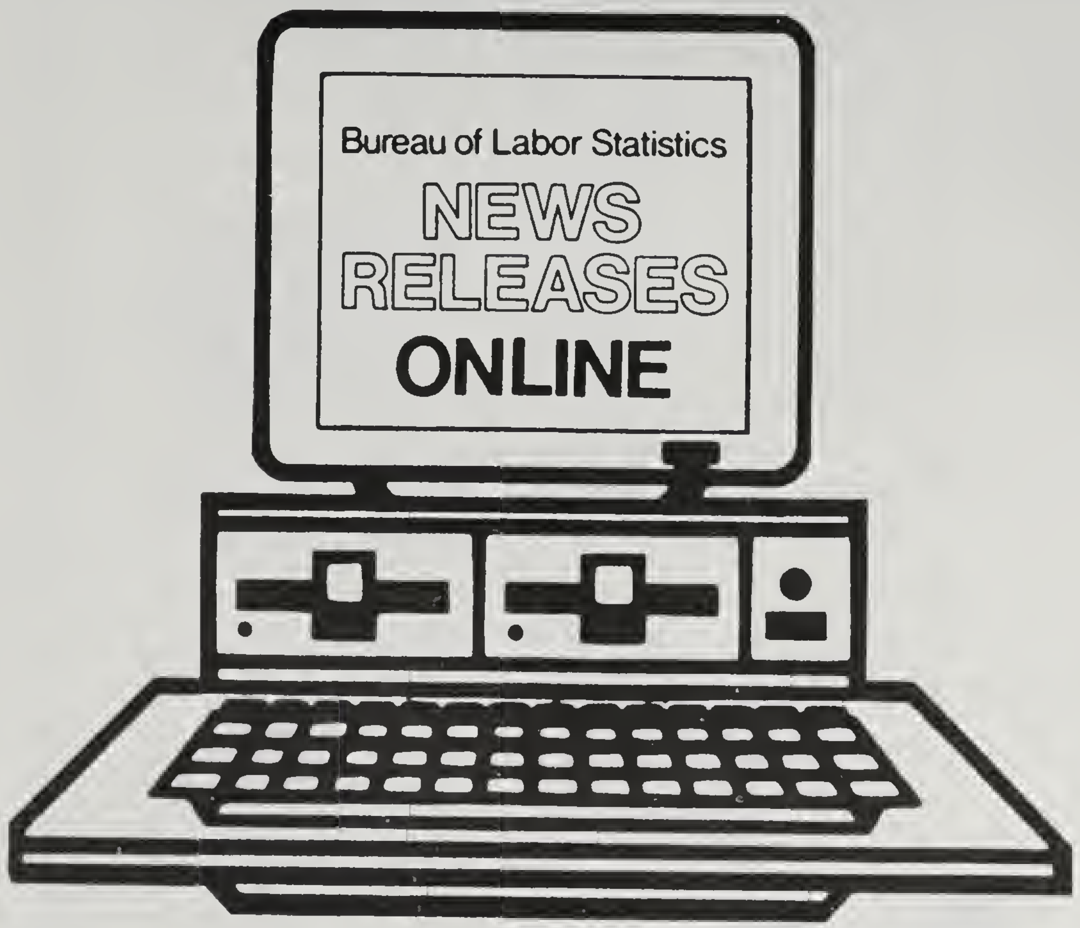

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# MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, 1989

Major collective bargaining settlements reached in private industry during 1989 provided wage rate adjustments averaging 4.0 percent in the first contract year and 3.3 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Lump-sum payments and cost-of-living adjustments are not included in these measures.

The last time parties to 1989 settlements negotiated, usually in 1986 or 1987, average wage rate adjustments (increases, decreases, and freezes) were smaller--2.4 percent annually over the contract term. This is the first year since 1981, when this measure was introduced, in which settlements provided larger wage adjustments over their term than were called for in the contracts they replaced. (See chart A.) The difference reflects the restoration of wages that had been cut in some industries (e.g., steel) as well as wage gains, primarily for nurses in health care facilities, that were larger than in the previous agreements.

In addition to providing higher wage adjustments than the settlements they replaced, agreements reached last year continued the rise in the size of settlements first noted in 1987. (See chart B.)

The Bureau's major collective bargaining agreements series for private industry covers 6.0 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in 1989, this release includes information on wage changes effective in the year that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLAs).

## Settlements in 1989

Lump-sum provisions were included in contracts covering 37 percent (690,000) of the 1,847,000 workers under settlements reached in 1989. (The proportion of the 6 million workers under major agreements with lump-sum provisions was 43 percent.) Lump-sum payments--typically made instead of wage increases or to offset wage cuts--are not included in measures of wage adjustments.

Settlements containing lump-sum provisions called for wage rate adjustments averaging 3.1 percent annually over the contract term, compared with an average of 3.5 percent for settlements without lump-sums. Lump-sum provisions were negotiated in a variety of industries, but were concentrated in communications, food stores, and transportation equipment and electrical equipment manufacturing.

Contracts for 21 percent (397,000) of the workers under settlements in 1989 had a cost-of-living adjustment (COLA) clause. COLA clauses were dropped from contracts covering about 3 percent (57,000) of the workers under 1989 settlements, and one new COLA was negotiated for 2,500 workers. (The proportion of the 6 million workers under major agreements which had COLAs was 39 percent.) Settlements data exclude potential wage changes resulting from COLA clauses because they depend upon future price changes. (See explanatory note.)

Settlements in nonmanufacturing covered 79 percent (1,463,000) of all workers under contracts negotiated in 1989; they provided average wage rate adjustments of 3.4 percent annually over the contract term. About one-fourth of the workers under these settlements were employed in the construction industry, where settlements called for adjustments averaging 3.0 percent annually over their life. Settlements in other nonmanufacturing industries averaged 3.5 percent and were concentrated in communications, food stores, utilities, and health services.

Wage adjustments were lower in manufacturing than in nonmanufacturing--averaging 3.2 percent annually over the contract life. Lump-sum provisions and COLA clauses, however, were more prevalent in manufacturing. About 74 percent of the manufacturing workers, compared with 38 percent of the nonmanufacturing workers, were under contracts that had lump sums, COLAs, or both. Workers covered by manufacturing settlements were concentrated in transportation equipment, electrical equipment, and steel manufacturing.

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Settlements negotiated in 1989 most commonly were "front-loaded"--that is, they specified larger wage adjustments in the first contract year than in later years. Fifty-six percent (1,041,000) of the workers had front-loaded contracts with wage adjustments averaging 5.4 percent in the first contract year and 3.8 percent annually over the contract term.

Twenty-seven percent (503,000) of the workers were under "back-loaded" contracts that delay larger wage increases past the first contract year. They provided wage adjustments averaging 1.6 percent the first contract year and 2.6 percent annually over the contract life. The remaining 303,000 of the workers had either 1-year contracts or multiyear agreements providing equal wage adjustments each year.

Settlements in 1989 provided wage increases in the first contract year for 92 percent (1,691,000) of the workers, no wage change in the first year for 142,000 workers, and wage decreases for 14,000 workers. Subsequent wage increases for 101,000 workers will result in 97 percent (1,792,000) of the workers receiving wage increases over their contract term.

The Bureau also measures changes in rates of compensation (wages and employee benefits) in settlements covering at least 5,000 workers. Settlements reached in 1989 provided compensation rate adjustments of 4.5 percent in the first contract year and 3.3 percent annually over the life of the contract.

## Effective wage adjustments

In addition to data on settlements, the Bureau compiles information on wage adjustments effective in the reference period. Effective wage adjustments cover all workers under major collective bargaining agreements. They include workers receiving changes (from settlements during the period, earlier agreements with changes deferred to the period, and COLA clauses) and workers receiving no wage change during the reference period. Effective wage adjustments for 1989 averaged 3.2 percent for all 6.0 million workers under major agreements. About 4.8 million of the workers had wage changes (all but 22,000 had increases) that averaged 4.0 percent.

The following tabulation shows, for 1989, the average total effective wage rate adjustment (increase, decrease, or no change) for all workers and the average change (for workers with increases and decreases) by source (in percent):

| | For all workers (prorated) | For workers receiving wage changes |
|---|---|---|
| Total .................... | 3.2 | 4.0 |
| Settlements in period... | 1.2 | 4.2 |
| Deferred adjustments ... | 1.3 | 3.4 |
| COLA .................. | .7 | 3.3 |

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes (typically based on the Bureau's Consumer Price Index--CPI), the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 1,573,000 workers that had COLA reviews in 1989, 1,280,000 had COLA-triggered wage increases averaging 3.3 percent. The remaining workers had no wage change, largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in 1989 averaged 61 percent of the price change during the COLA review period.

## First-quarter 1990 bargaining activity

There were 743,000 workers under 114 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to December 31, 1989. Almost half of these workers are employed in railroads. In addition, 368,000 workers are under 105 major agreements scheduled to expire or reopen for wage negotiations during January-March 1990, primarily in construction and apparel manufacturing.

About 428,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 3.2 percent during the first quarter of 1990. These changes will be made under provisions of agreements negotiated earlier. About 1,600,000 workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release cover major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 8 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

## Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wages and benefits.

Percentage changes in wage rates are calculated by dividing newly negotiated wage changes by the average hourly rate at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) rate change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by the existing average hourly compensation rate, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration data or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

## Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases and no change in wages during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached earlier with changes deferred to the period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change. Although not all wage changes from COLA clauses are incorporated into the wage rate, they are included in the effective wage change measure.

Wage changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for 1989 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1990.

Additional historical information is available from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector collective bargaining settlements are developed separately and issued semi-annually. Preliminary data for 1989 will be released in February.

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Major private industry collective bargaining settlements data for the first 3 months of 1990 will be released on April 24, 1990, at 10:00 AM (EDT).

PRELIMINARY

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments1/ in collective bargaining settlements, 1989.
(in percent)

| Measure | First-year adjustments2/ | Annual adjustment over life of contracts3/ | Number of workers (000's) |
|---|---|---|---|
| Wage adjustments in settlements covering 1,000 workers or more: | | | |
| All industries | 4.0 | 3.3 | 1,847 |
| Contracts with COLA clauses | 3.8 | 2.6 | 397 |
| Contracts without COLA clauses | 4.0 | 3.5 | 1,450 |
| Manufacturing | 3.9 | 3.2 | 384 |
| Contracts with COLA clauses | 5.4 | 3.5 | 139 |
| Contracts without COLA clauses | 3.1 | 3.0 | 245 |
| Nonmanufacturing | 4.0 | 3.4 | 1,463 |
| Contracts with COLA clauses | 3.0 | 2.1 | 258 |
| Contracts without COLA clauses | 4.2 | 3.7 | 1,205 |
| Construction4/ | 2.8 | 3.0 | 381 |
| All industries excluding construction4/ | 4.3 | 3.4 | 1,466 |
| Nonmanufacturing excluding construction4/ | 4.4 | 3.5 | 1,082 |
| Goods-producing | 3.4 | 3.1 | 770 |
| Contracts with COLA clauses | 5.4 | 3.5 | 140 |
| Contracts without COLA clauses | 3.0 | 3.0 | 629 |
| Service-producing | 4.4 | 3.5 | 1,077 |
| Contracts with COLA clauses | 3.0 | 2.1 | 257 |
| Contracts without COLA clauses | 4.9 | 4.0 | 820 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | |
| All industries | 4.5 | 3.3 | 1,066 |
| Contracts with COLA clauses | 5.2 | 2.9 | 299 |
| Contracts without COLA clauses | 4.2 | 3.5 | 768 |
| Manufacturing | 5.0 | 3.4 | 161 |
| Contracts with COLA clauses | 6.8 | 4.0 | 71 |
| Contracts without COLA clauses | 3.6 | 3.0 | 91 |
| Nonmanufacturing | 4.4 | 3.3 | 905 |
| Contracts with COLA clauses | 4.8 | 2.5 | 228 |
| Contracts without COLA clauses | 4.3 | 3.6 | 677 |
| Construction | 4.2 | 3.8 | 117 |
| Contracts without COLA clauses | 4.2 | 3.8 | 117 |
| All industries excluding construction | 4.5 | 3.3 | 949 |
| Contracts with COLA clauses | 5.2 | 2.9 | 299 |
| Contracts without COLA clauses | 4.2 | 3.5 | 651 |
| Nonmanufacturing excluding construction | 4.4 | 3.3 | 788 |
| Contracts with COLA clauses | 4.8 | 2.5 | 228 |
| Contracts without COLA clauses | 4.3 | 3.6 | 560 |
| Goods-producing | 4.7 | 3.6 | 279 |
| Contracts with COLA clauses | 6.8 | 4.0 | 71 |
| Contracts without COLA clauses | 3.9 | 3.4 | 208 |
| Service-producing | 4.4 | 3.3 | 788 |
| Contracts with COLA clauses | 4.8 | 2.5 | 228 |
| Contracts without COLA clauses | 4.3 | 3.6 | 560 |

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1/ Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

2/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

3/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

4/ Data by COLA coverage do not meet publication standards.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 2. First-year wage adjustments 1/in collective bargaining settlements covering 1,000 workers or more, 1989.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 1,847 | 384 | 1,463 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 8 | 14 | 6 |
| Decreases3/ | 1 | 2 | 1 |
| Increases | 92 | 85 | 93 |
| Under 2 percent | 11 | 16 | 10 |
| 2 and under 4 percent | 34 | 20 | 38 |
| 4 and under 6 percent | 28 | 21 | 30 |
| 6 percent and over | 18 | 28 | 15 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 4.0 | 3.9 | 4.0 |
| Median adjustment (percent) | 3.5 | 3.7 | 3.5 |
| Mean increase (percent) | 4.4 | 4.7 | 4.3 |
| Median increase (percent) | 4.0 | 4.2 | 3.8 |
| Mean decrease (percent) | -4.9 | 4/ | 4/ |
| Median decrease (percent) | -1.5 | 4/ | 4/ |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ Data do not meet publication standards.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 3. Annual rate of wage adjustments1/ over the life of the contract in collective bargaining settlements covering 1,000 workers or more, 1989.

| Measure2/ | All industries | Manu-facturing | Nonmanu-facturing |
|---|---|---|---|
| Total number of workers (in thousands) | 1,847 | 384 | 1,463 |
| Percent of workers | | | |
| All settlements | 100 | 100 | 100 |
| No wage change | 3 | 4 | 2 |
| Decreases3/ | (4) | 1 | (4) |
| Increases | 97 | 95 | 98 |
| Under 2 percent | 13 | 13 | 13 |
| 2 and under 4 percent | 52 | 44 | 54 |
| 4 and under 6 percent | 23 | 35 | 20 |
| 6 percent and over | 9 | 3 | 11 |
| Adjustments (in percent): | | | |
| Mean adjustment (percent) | 3.3 | 3.2 | 3.4 |
| Median adjustment (percent) | 3.0 | 3.3 | 2.9 |
| Mean increase (percent) | 3.5 | 3.4 | 3.5 |
| Median increase (percent) | 3.0 | 3.4 | 3.0 |

1/ See note 1, table 1.
2/ See note 3, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ Less than 0.5 percent.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 4. Annual rate of compensation (wage and benefit costs) adjustment[1] in collective bargaining settlements covering 5,000 workers or more, 1989.

| Measure | First-year adjustments[2] |
|---|---|
| Total number of workers (in thousands) | 1,066 |
| Percent of workers | |
| All settlements | 100 |
| No change | 0 |
| Decreases | 1 |
| Increases | 99 |
| Under 2 percent | 12 |
| 2 and under 4 percent | 38 |
| 4 and under 6 percent | 21 |
| 6 and under 8 percent | 23 |
| 8 percent and over | 6 |
| Adjustments (in percent) | |
| Mean adjustment (percent) | 4.5 |
| Median adjustment (percent) | 3.8 |
| | Adjustments averaged over life of contract[3] |
| Total number of workers (in thousands) | 1,066 |
| Percent of workers | |
| All settlements | 100 |
| No change | 0 |
| Decreases | 1 |
| Increases | 99 |
| Under 2 percent | 11 |
| 2 and under 4 percent | 59 |
| 4 and under 6 percent | 20 |
| 6 and under 8 percent | 8 |
| 8 percent and over | 1 |
| Adjustments (in percent) | |
| Mean adjustment (percent) | 3.3 |
| Median adjustment (percent) | 2.8 |

[1] See note 1, table 1.
[2] See note 2, table 1.
[3] See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 5. Annual rate of adjustment1/ in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, 1989.

| Measure | First-year adjustments2/ | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 381 | 381 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 2 | 8 |
| Decreases3/ | 3 | 2 |
| Increases | 96 | 90 |
| Under 2 percent | 15 | 19 |
| 2 and under 4 percent | 48 | 47 |
| 4 and under 6 percent | 23 | 16 |
| 6 and under 8 percent | 10 | 4 |
| 8 percent and over | (4) | 4 |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 3.3 | 2.8 |
| Median adjustment (percent) | 3.4 | 2.8 |
| Mean increase (percent) | 3.6 | 3.3 |
| Median increase (percent) | 3.4 | 3.1 |

| Measure | Adjustments averaged over life of contract5/ | |
|---|---|---|
| | Compensation | Wages alone |
| Total number of workers (in thousands) | 381 | 381 |
| Percent of workers | | |
| All settlements | 100 | 100 |
| No change | 2 | 4 |
| Decreases3/ | 1 | 1 |
| Increases | 98 | 95 |
| Under 2 percent | 13 | 14 |
| 2 and under 4 percent | 60 | 58 |
| 4 and under 6 percent | 19 | 16 |
| 6 and under 8 percent | 5 | 7 |
| 8 percent and over | 0 | (4) |
| Adjustments (in percent) | | |
| Mean adjustment (percent) | 3.1 | 3.0 |
| Median adjustment (percent) | 3.1 | 2.9 |
| Mean increase (percent) | 3.3 | 3.2 |
| Median increase (percent) | 3.1 | 3.0 |

1/ See note 1, table 1.
2/ See note 2, table 1.
3/ Distributions are not shown to protect confidentiality.
4/ Less than 0.5 percent.
5/ See note 3, table 1.
NOTE: Because of rounding, sums of individual employment items may not equal totals.

PRELIMINARY

Table 6. Average wage adjustments1/ in collective bargaining settlements covering 1,000 workers or more by duration of contract, 1989.

| Measure | Contract duration | | | | | | |
|---|---|---|---|---|---|---|---|
| | All contracts | 12 months or less | More than 12 and less than 24 months | 24 months | More than 24 and less than 36 months | 36 months | More than 36 months |
| Number of settlements | 459 | 35 | 29 | 40 | 54 | 182 | 119 |
| Number of workers (in thousands) | 1,847 | 79 | 70 | 133 | 178 | 680 | 707 |
| Average duration (months) | 35.1 | 11.7 | 15.0 | 24.0 | 34.8 | 36.0 | 40.9 |
| Percent adjustment in: | | | | | | | |
| First contract year | 4.0 | 4.0 | 3.6 | 4.4 | 3.7 | 4.2 | 3.8 |
| Second contract year2/ | 3.2 | - | .8 | 4.4 | 3.2 | 3.5 | 2.8 |
| Third contract year3/ | 2.8 | - | - | - | 3.0 | 3.2 | 2.5 |
| Average annual percent adjustment over life of contract | 3.3 | 4.1 | 3.3 | 4.4 | 3.3 | 3.6 | 2.8 |

1/ See note 1, table 1.
2/ Average is based only on settlements with a duration greater than 12 months.
3/ Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments 1/for collective bargaining settlements reached in 1988 and, by quarter, 1989.
(in percent)

| Measure | 1988 | 1989 | | | | |
|---|---|---|---|---|---|---|
| | Full year | I2/ | II2/ | III2/ | IV3/ | Full year3/ |
| Wage adjustments in settlements covering 1,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries | 2.5 | 3.2 | 3.9 | 3.6 | 5.0 | 4.0 |
| Contracts with COLA clauses | 2.4 | 2.5 | 3.0 | 2.9 | 4.8 | 3.8 |
| Contracts without COLA clauses | 2.7 | 3.2 | 4.0 | 3.8 | 5.1 | 4.0 |
| Manufacturing | 2.2 | 2.2 | 3.7 | 2.6 | 6.1 | 3.9 |
| Contracts with COLA clauses | 2.1 | 5/ | 2.9 | 1.0 | 7.0 | 5.4 |
| Contracts without COLA clauses | 2.5 | 5/ | 4.0 | 2.7 | 3.4 | 3.1 |
| Nonmanufacturing | 2.8 | 3.5 | 3.9 | 3.8 | 4.6 | 4.0 |
| Contracts with COLA clauses | 2.9 | 5/ | 3.0 | 3.0 | 2.9 | 3.0 |
| Contracts without COLA clauses | 2.7 | 5/ | 3.9 | 4.1 | 5.3 | 4.2 |
| Construction | 2.2 | 3.0 | 2.7 | 2.8 | 3.5 | 2.8 |
| All industries excluding construction | 2.6 | 3.2 | 4.7 | 3.7 | 5.0 | 4.3 |
| Nonmanufacturing excluding construction | 3.1 | 3.8 | 5.2 | 4.0 | 4.6 | 4.4 |
| Annual average over life of contract6/ | | | | | | |
| All industries | 2.4 | 3.1 | 3.3 | 3.0 | 3.9 | 3.3 |
| Contracts with COLA clauses | 1.8 | 2.4 | 2.5 | 2.0 | 3.1 | 2.6 |
| Contracts without COLA clauses | 2.8 | 3.1 | 3.4 | 3.3 | 4.5 | 3.5 |
| Manufacturing | 2.1 | 2.5 | 2.9 | 3.1 | 3.9 | 3.2 |
| Contracts with COLA clauses | 1.8 | 5/ | 2.4 | 3.5 | 4.1 | 3.5 |
| Contracts without COLA clauses | 2.6 | 5/ | 3.1 | 3.1 | 3.0 | 3.0 |
| Nonmanufacturing | 2.5 | 3.3 | 3.5 | 3.0 | 4.0 | 3.4 |
| Contracts with COLA clauses | 1.7 | 5/ | 2.9 | 1.9 | 2.2 | 2.1 |
| Contracts without COLA clauses | 2.8 | 5/ | 3.5 | 3.3 | 4.7 | 3.7 |
| Construction | 2.6 | 2.9 | 3.1 | 3.0 | 3.3 | 3.0 |
| All industries excluding construction | 2.3 | 3.2 | 3.6 | 3.0 | 4.0 | 3.4 |
| Nonmanufacturing excluding construction | 2.5 | 3.5 | 3.9 | 3.0 | 4.0 | 3.5 |
| Compensation adjustments in settlements covering 5,000 workers or more: | | | | | | |
| First year4/ | | | | | | |
| All industries | 3.1 | 3.2 | 5.1 | 3.9 | 5.3 | 4.5 |
| Contracts with COLA clauses | 3.3 | 7/ | 7/ | 5.7 | 4.9 | 5.2 |
| Contracts without COLA clauses | 2.9 | 3.2 | 5.1 | 3.2 | 5.7 | 4.2 |
| Annual average over life of contract6/ | | | | | | |
| All industries | 2.5 | 3.1 | 3.4 | 2.7 | 4.1 | 3.3 |
| Contracts with COLA clauses | 2.1 | 7/ | 7/ | 2.8 | 2.9 | 2.9 |
| Contracts without COLA clauses | 2.8 | 3.1 | 3.4 | 2.7 | 5.3 | 3.5 |

1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ Data do not meet publication standards.
6/ See note 3, table 1.
7/ No settlement had a COLA clause.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, 1988 and, by quarter, 1989.
(in percent)

| Characteristic | 1988 | 1989 | | | | |
|---|---|---|---|---|---|---|
| | Full Year | I1/ | II1/ | III1/ | IV2/ | Full Year2/ |
| Adjustments (prorated over all workers)3/ | | | | | | |
| Total effective adjustments .......... | 2.6 | 0.5 | 1.0 | 1.0 | 0.7 | 3.2 |
| Source: | | | | | | |
| Current settlements.............. | .7 | .1 | .3 | .4 | .4 | 1.2 |
| Prior agreements................. | 1.3 | .3 | .5 | .4 | .2 | 1.3 |
| COLA provisions.................. | .6 | .1 | .2 | .2 | .1 | .7 |
| Industry | | | | | | |
| Manufacturing...................... | 2.8 | .6 | 1.1 | 1.0 | .8 | 3.5 |
| Nonmanufacturing................... | 2.5 | .5 | .9 | 1.0 | .6 | 3.0 |
| Nonmanufacturing excluding construction..................... | 2.4 | .6 | .7 | 1.0 | .7 | 3.0 |
| Construction....................... | 2.9 | .4 | 1.6 | .9 | .1 | 3.1 |
| Transportation and public utilities. | 2.1 | .2 | .6 | .9 | .5 | 2.3 |
| Wholesale and retail trade.......... | 2.3 | .7 | .7 | 1.2 | .6 | 3.2 |
| Services........................... | 3.5 | 1.3 | .7 | 1.2 | 2.1 | 5.3 |
| Effective wage change for workers receiving changes4/ | | | | | | |
| Total effective wage change........... | 3.3 | 1.9 | 2.6 | 2.6 | 2.3 | 4.0 |
| Source: | | | | | | |
| Current settlements.............. | 3.1 | 3.9 | 4.0 | 3.5 | 4.5 | 4.2 |
| Prior agreements................. | 3.0 | 3.2 | 3.3 | 3.2 | 2.8 | 3.4 |
| COLA provisions.................. | 2.7 | .8 | 1.3 | 1.4 | .6 | 3.3 |
| Total number of workers receiving wage change (in thousands)5/.............. | 4,737.2 | 1,689.8 | 2,314.5 | 2,250.0 | 1,727.4 | 4,815.1 |
| Source: | | | | | | |
| Current settlements.............. | 1,429.5 | 153.8 | 439.7 | 642.6 | 537.8 | 1,688.3 |
| Prior agreements................. | 2,609.0 | 588.0 | 816.1 | 698.1 | 328.5 | 2,264.3 |
| COLA provisions.................. | 1,267.9 | 968.0 | 1,169.7 | 955.5 | 922.6 | 1,280.4 |
| Number of workers not receiving a wage change (in thousands)................ | 1,277.9 | 4,295.6 | 3,670.9 | 3,735.4 | 4,257.9 | 1,170.2 |

1/ Preliminary revised.
2/ Preliminary.
3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.
4/ The total change reflects the worker weighted average of each source of wage change.
5/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 9. Average wage adjustments 1/in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Measure | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1987 | 1988 | | | | 1989 | | | |
| | IV | I | II | III | IV | I2/ | II2/ | III2/ | IV3/ |
| All industries | | | | | | | | | |
| First year4/...................... | 2.2 | 2.4 | 2.4 | 2.5 | 2.5 | 2.7 | 3.2 | 3.5 | 4.0 |
| Contracts with COLA clauses...... | 2.3 | 2.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.2 | 2.6 | 3.8 |
| Contracts without COLA clauses... | 2.1 | 2.5 | 2.4 | 2.6 | 2.7 | 2.9 | 3.4 | 3.6 | 4.0 |
| Over life of contract5/........... | 2.1 | 2.2 | 2.0 | 2.2 | 2.4 | 2.5 | 2.9 | 3.0 | 3.3 |
| Contracts with COLA clauses...... | 1.5 | 1.4 | 1.5 | 1.5 | 1.8 | 1.8 | 1.8 | 2.0 | 2.6 |
| Contracts without COLA clauses... | 2.5 | 2.7 | 2.5 | 2.8 | 2.8 | 2.9 | 3.2 | 3.2 | 3.5 |
| Manufacturing | | | | | | | | | |
| First year4/...................... | 2.1 | 2.4 | 2.5 | 2.6 | 2.2 | 2.2 | 2.6 | 2.6 | 3.9 |
| Contracts with COLA clauses...... | 2.4 | 2.4 | 2.5 | 2.4 | 2.1 | 2.1 | 2.1 | 2.1 | 5.4 |
| Contracts without COLA clauses... | 1.3 | 2.4 | 2.5 | 3.0 | 2.5 | 2.5 | 3.1 | 2.8 | 3.1 |
| Over life of contract5/........... | 1.3 | 1.5 | 1.6 | 1.9 | 2.1 | 2.2 | 2.4 | 2.5 | 3.2 |
| Contracts with COLA clauses...... | 1.0 | 1.0 | 1.3 | 1.4 | 1.8 | 1.8 | 1.7 | 1.7 | 3.5 |
| Contracts without COLA clauses... | 2.1 | 2.7 | 2.5 | 3.1 | 2.6 | 2.8 | 3.1 | 2.9 | 3.0 |
| Nonmanufacturing | | | | | | | | | |
| First year4/...................... | 2.3 | 2.3 | 2.3 | 2.4 | 2.8 | 3.0 | 3.5 | 3.8 | 4.0 |
| Contracts with COLA clauses...... | 1.9 | 1.6 | 2.2 | 2.4 | 2.9 | 2.9 | 3.0 | 3.0 | 3.0 |
| Contracts without COLA clauses... | 2.4 | 2.5 | 2.4 | 2.5 | 2.7 | 3.0 | 3.5 | 3.9 | 4.2 |
| Over life of contract5/........... | 2.7 | 2.7 | 2.4 | 2.4 | 2.5 | 2.7 | 3.2 | 3.1 | 3.4 |
| Contracts with COLA clauses...... | 2.7 | 2.4 | 1.9 | 1.8 | 1.7 | 1.7 | 2.5 | 2.1 | 2.1 |
| Contracts without COLA clauses... | 2.7 | 2.7 | 2.6 | 2.7 | 2.8 | 3.0 | 3.3 | 3.3 | 3.7 |
| Construction | | | | | | | | | |
| First year4/...................... | 2.9 | 2.9 | 2.6 | 2.1 | 2.2 | 2.4 | 2.4 | 2.6 | 2.8 |
| Contracts with COLA clauses...... | 6/ | 6/ | 7/ | 7/ | 7/ | 7/ | 6/ | 6/ | 6/ |
| Contracts without COLA clauses... | 6/ | 6/ | 2.6 | 2.1 | 2.2 | 2.4 | 6/ | 6/ | 6/ |
| Over life of contract5/........... | 3.1 | 3.1 | 2.7 | 2.4 | 2.6 | 2.7 | 2.9 | 2.9 | 3.0 |
| Contracts with COLA clauses...... | 6/ | 6/ | 7/ | 7/ | 7/ | 7/ | 6/ | 6/ | 6/ |
| Contracts without COLA clauses... | 6/ | 6/ | 2.7 | 2.4 | 2.6 | 2.7 | 6/ | 6/ | 6/ |

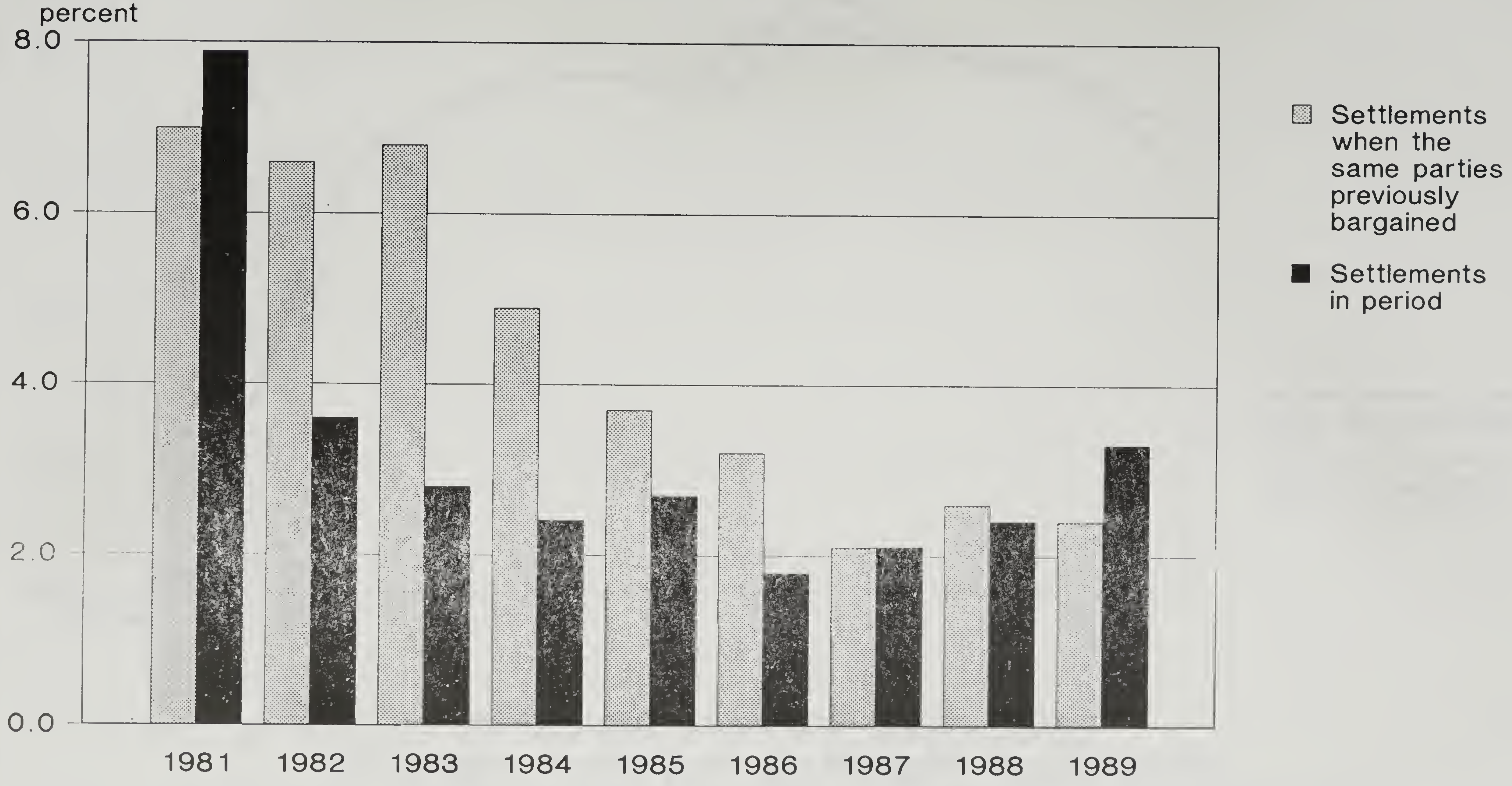
1/ See note 1, table 1.
2/ Preliminary revised.
3/ Preliminary.
4/ See note 2, table 1.
5/ See note 3, table 1.
6/ Data by COLA coverage do not meet publication standards.
7/ No settlement had a COLA clause.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods.
(in percent)

| Characteristic | Four quarters ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1987 | 1988 | | | | 1989 | | | |
| | IV | I | II | III | IV | I1/ | II1/ | III1/ | IV2/ |
| Total effective adjustments (prorated over all workers)3/.... | 3.1 | 3.2 | 3.0 | 2.9 | 2.6 | 2.7 | 2.8 | 3.0 | 3.2 |
| Source: | | | | | | | | | |
| From current settlements....... | .7 | .8 | 1.0 | 1.0 | .7 | .8 | .7 | .9 | 1.2 |
| From prior agreements.......... | 1.8 | 1.8 | 1.6 | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| From COLA..................... | .5 | .5 | .5 | .5 | .6 | .6 | .8 | .8 | .7 |
| Effective wage change for workers receiving change4/.............. | 3.6 | 3.8 | 3.7 | 3.5 | 3.3 | 3.5 | 3.8 | 4.0 | 4.0 |
| Source: | | | | | | | | | |
| From current settlements....... | 2.9 | 2.9 | 2.9 | 2.9 | 3.1 | 3.2 | 3.5 | 3.7 | 4.2 |
| From prior agreements.......... | 3.3 | 3.3 | 3.3 | 3.0 | 3.0 | 3.2 | 3.2 | 3.4 | 3.4 |
| From COLA..................... | 2.6 | 2.7 | 2.3 | 2.5 | 2.7 | 2.9 | 3.2 | 3.8 | 3.3 |

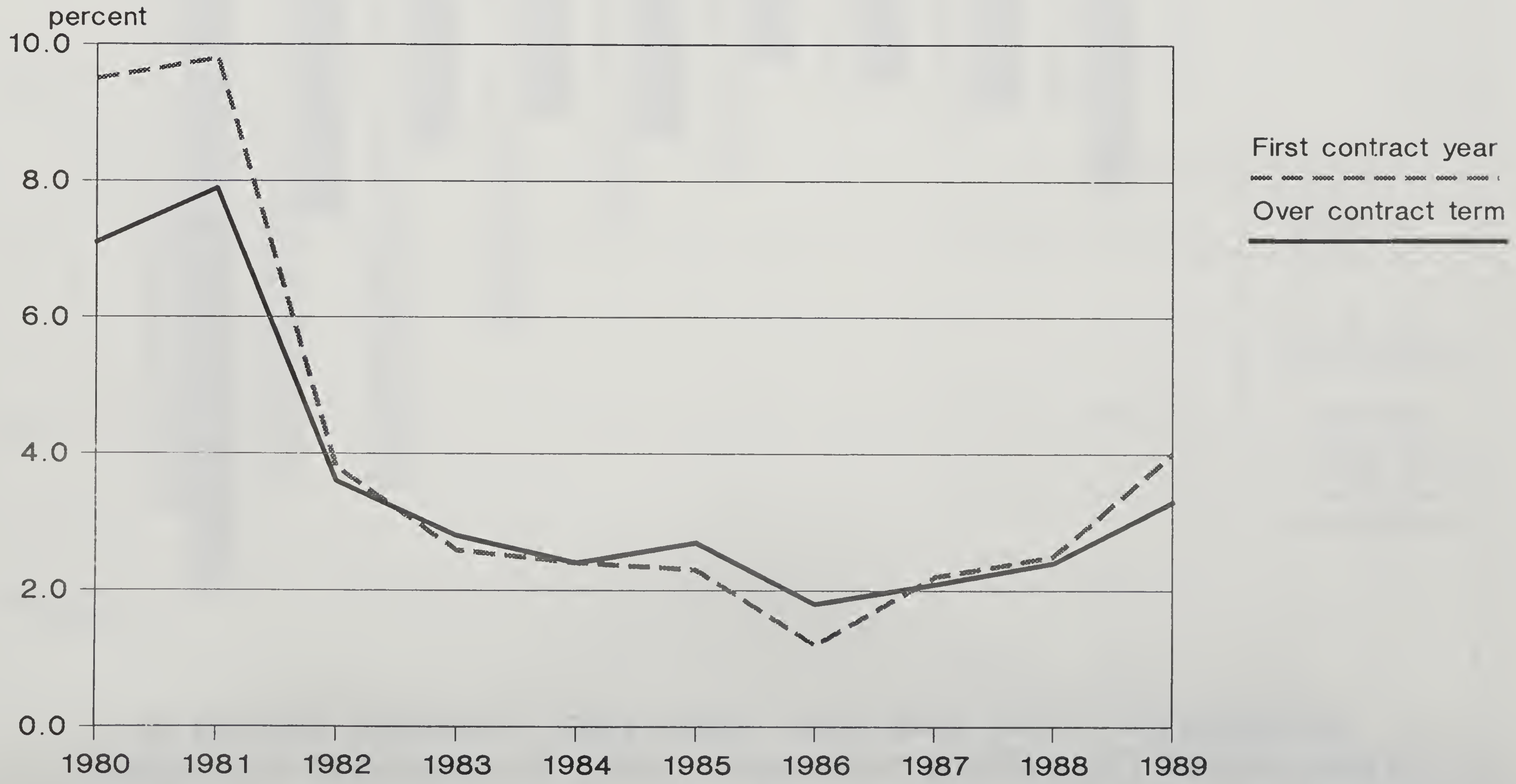
1/ Preliminary revised.
2/ Preliminary.
3/ See note 3, table 8.
4/ See note 4, table 8.

Chart A: Average annual wage rate adjustments over the life of contracts provided by major collective bargaining settlements in private industry, 1981-1989, and their prior settlements



Source: Bureau of Labor Statistics

# Chart B: Average annual wage rate adjustments provided by major collective bargaining settlements in private industry, 1980–1989



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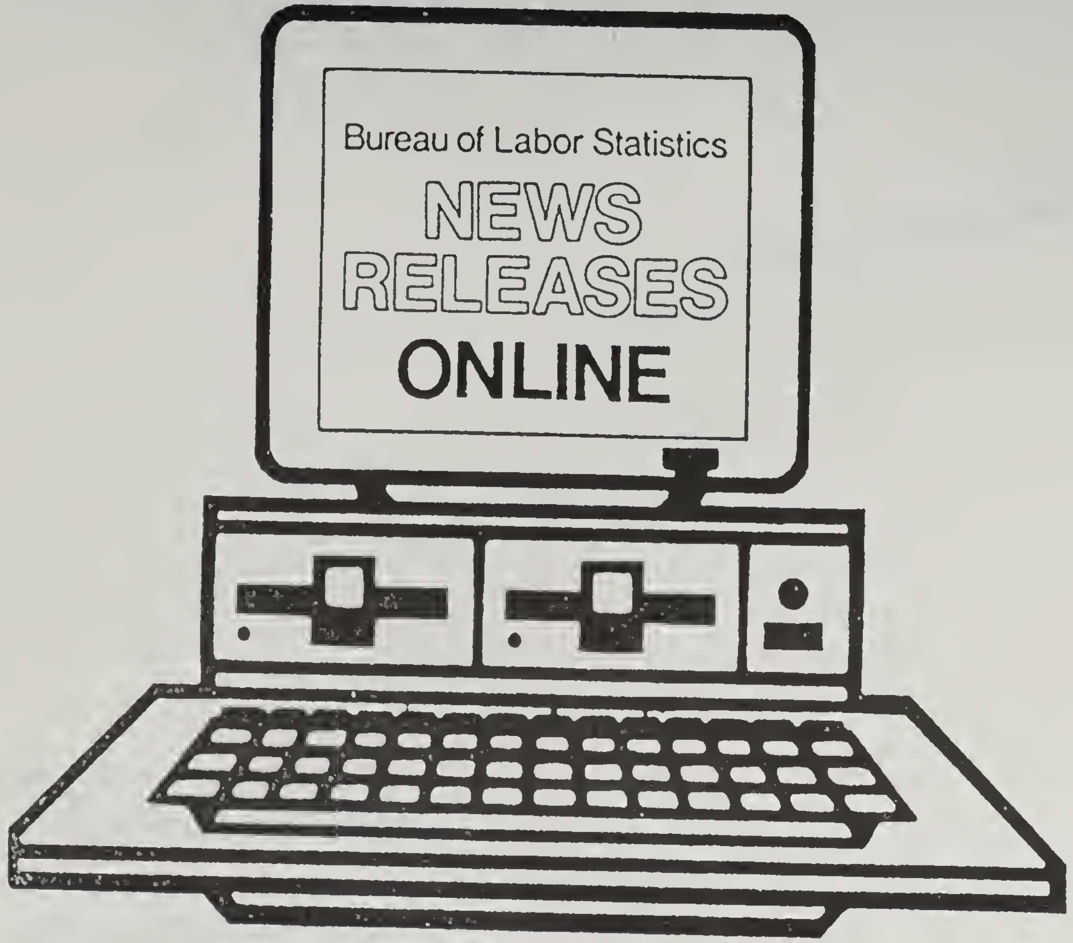

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